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Facing France  
erwood explains their  
weaknesses, page 26

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ELECTION '97: no one's pulling our strings

# THE INDEPENDENT

N° 3,221

THURSDAY 27 FEBRUARY 1997

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## Whitehall forgot our debt of honour

### Labour pressure Soames to resign

Christopher Bellamy  
Defence Correspondent

The Armed Forces Minister, Nicholas Soames, yesterday fought off Labour demands for his resignation over the Ministry of Defence's suppression of information about the still unexplained Gulf war illness which has so far killed or disabled 1,200 of the 40,000 British service personnel who served in the war with Iraq.



Soames: 'Very serious failings in division of MoD'

Secretary at the MoD, Richard Mottram, demanding to know why the ministry had provided wrong information for answers to parliamentary questions on the use of organophosphate pesticides, which are one of the possible causes of the mysterious Gulf war illness.

Mr Soames told a highly charged session of the committee that he usually received "manipulated" and thorough advice from his military and civil advisers and had no knowledge that incorrect answers about the use of organophosphates had been given, until 25 September last year. He had then told Parliament as soon as he could, on 4 October.

The cross-party committee of MPs was sympathetic to Mr Soames' plight, but Gulf war campaigners said the arguments over who had misled whom and when did not help them and were bitterly disappointed.

Carol Hill, wife of Major Ian Hill, head of the Gulf War Families and Veterans' Association, was there, but her husband was too ill to attend, suffering from breathing difficulties. Major Chris Lloyd, a former cursing officer and Tony Flint had both served with 205 General Hospital at Riyadh in Saudi Arabia, where there were 1,200 British personnel.

"It's too late for these guys," said Mr Flint, producing some colour photographs. "He's dead, he's dead, he's dead. He was 21, he was 44, he was 30. That's three out of 123 photos I've got."

Last night Labour reiterated their allegations that Mr Soames had known earlier but ignored the evidence. The party's defence spokesman, Dr David Clark, said there were at least four occasions when the evidence was ignored.

After prolonged questioning by the committee, which the



Outside the Ministry of Defence: Field Marshal Lord Slim, who led another 'forgotten' army Photograph: Edward Sykes

### Official attitudes: The unhappy history of Gulf War syndrome

...seriously ignored information about the Gulf War syndrome. Army units in the Gulf were told to use organophosphate pesticides.

...Liberal Democrat MP Menzies Campbell, likened to "peeling an onion", Mr Mottram refused to go further on the grounds that to identify individuals would prejudice their chances of a fair hearing at any future disciplinary proceedings.

An MoD memorandum released yesterday said the an-

...sioners. "I am aware of only 10 British service personnel who would have been involved with [OPs] used by the UK forces."

...now by Air Vice-Marshal John Baird. Mr Mottram refused to go further on the grounds that to identify individuals would prejudice their chances of a fair hearing at any future disciplinary proceedings.

An MoD memorandum released yesterday said the an-

...purchased locally in MoD internal papers. 25 September 1994: Mr Soames's office told MoD officials that there is "a problem" over the public position on OPs.

...This is a more hawkish stance than Kenneth Clarke's. The Chancellor has made it plain that because of the strong pound he sees no need to increase borrowing costs at present, even though the Bank reckons that inflation will otherwise meet its target for only a few months this year.

On the basis of Mr Brown's "reported speech", the Chancellor said: "Low inflation is the product of sound Tory policies. You may be able to clone a sheep, but you can't clone success."

...Mr Soames said the advice he received had been "absolutely" that no organophosphates had been used. It did not occur to me to question that."

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### Sick veteran was on secret mission

Ian Burrell

A seriously ill Gulf war veteran said last night that he had been part of a secret unit working for government scientists on chemical and biological experiments.

Sergeant Angus Parker worked as a lab technician for the 1st Field Laboratory Unit, reporting to scientists from Porton Down, the government's secret chemical and biological defence establishment, in Wiltshire.

The sergeant has broken his silence by writing to the Commons defence select committee, saying that Porton Down is sitting on the evidence which may explain Gulf war illness. Earl Howe, the defence minister, has agreed to meet him next month in London.

Working from laboratories set up inside vehicles, his team analysed airborne particles. Other teams took extensive blood samples from British troops. Findings were fed back to Britain via a data link.

Sgt Parker's unit was part of the biological-warfare reconnaissance team which, along with the chemical-warfare reconnaissance team and the health-survey team, which monitored the effects of vaccinations on the troops, all reported to the Porton Down scientists.

Sgt Parker was assigned to the unit as part of the Royal Army Medical Corps, which has suffered a high number of casualties of Gulf War illness.

He said last night: "The MoD would probably not admit to the existence of the unit but I have the photographs to prove it. Blood samples were taken in the UK before the vaccinations, then after they were vaccinated and at various times in the Gulf."

"Why has the data collected by the biological and chemical teams not been released? I

want them to tell me why I am ill, because they know."

Sgt Parker, 37, is seriously ill. A fit man of 31 when he went to war, he is now diagnosed as having chronic fatigue syndrome, post-traumatic stress disorder and renal impairment.

He also suffers from a heart problem and has dizzy spells and blackouts. Prior to the war, he was given 12 vaccinations.

A spokesman for Porton Down said its scientists "may



Parker: Maintains MoD knows reason for Gulf War sickness

well" have been in the Gulf but could not discuss an operational matter.

A solicitor representing scores of sick Gulf War veterans revealed yesterday how she was gagged by Ministry of Defence officials when she tried to warn John Major, the Prime Minister, about the use of organophosphate (OPs) chemicals in the conflict.

Hilary Meredith, of Manchester solicitors Donn and Co, wrote to Mr Major in July 1995, after receiving documents which proved that troops had used OPs without protection in the Gulf. She was told to meet MoD officials who demanded that she sign an undertaking not to release the information.

## Brown's claim to be tough backfires

John Coyle  
Economics Editor

John Brown last night staked his claim to be tougher than the Conservatives on inflation, but the shadow Chancellor's speech backfired in the financial markets, where experts questioned Labour's credibility.

Insiders at the Bank and Treasury cautiously welcomed the plans to appoint a Monetary Policy Committee and a new Council of Economic Advisers.

Most City experts think the only way Labour could prove in advance that it is tougher on inflation than the Conservatives is to announce that the Bank of England will become independent. They were not convinced yesterday that the new committee bringing in outsiders would help towards that end.

Paul Mortimer-Lee, chief economist at investment bank Paribas, said: "The proposed committee is bound to end up being more political because a

majority of its members will not be central bankers. There is no real move towards independence for the Bank."

Simon Briscoe at Nikko Europe described the proposals as "misguided". "The Bank and the Treasury are full of perfectly able and experienced individuals who are not political appointees," he said.

In the speech Mr Brown said the committee members would be high-calibre experts in monetary policy, and stressed that

he would continue to publish the minutes of the monthly monetary meetings. But City analysts were annoyed that they did not get copies of the text until yesterday evening.

One said: "The phone has been ringing all day with people asking about the implications of this and all we've seen are the headlines based on political briefings. If Labour wants to build credibility with the financial markets they are going to have to change."

Mr Brown's commitment yesterday to a target of 2.5 per cent inflation or less was read by the financial markets as a signal that Labour would probably raise interest rates soon after the general election.

This is a more hawkish stance than Kenneth Clarke's. The Chancellor has made it plain that because of the strong pound he sees no need to increase borrowing costs at present, even though the Bank reckons that inflation will otherwise meet its target for only a few months this year.

On the basis of Mr Brown's "reported speech", the Chancellor said: "Low inflation is the product of sound Tory policies. You may be able to clone a sheep, but you can't clone success."

Mr Brown's decision to order an outside audit of Treasury figures, reported in yesterday's *Independent*, Mr Clarke said: "This is the oldest trick in the book."

Politics, page 4

## KGB's old London hands overcome by nostalgia for warm beer and skittles

Phil Reeves  
Moscow

There is little to distinguish them from a group of old gents you might find on a putting green in Surrey. They wear flannels, Austin Reed sports jackets, brogues, and Elton ties. You would hardly know that they are not from middle England, but former Soviet spies.

Spies who have one thing in common: they all worked for the KGB in London, gathering information for their masters in Moscow. Pining for the pleasures of British life, they have formed a club which meets in Moscow's restaurants to reminisce about their happy Cold War days.

"Despite the terrible blows that the British secret service dealt us, we remain inveterate Anglophiles and at the club, the atmosphere of Pail Mall reigns," wrote Mikhail Lyubimov, a former KGB agent, in an article about the spies club's activities in the *Moscow Times* yesterday.

You might expect these elders of espionage to talk only shop. Far from it. Their gatherings, says the ex-colonel, could easily pass for a birthday party given by a group of old professors. "The conversation is often in English and, naturally, like all true gentlemen, everyone drinks Scotch whisky exclusively, preferably 12-year-old single malts."

Contrary to stereotypes in

the Western press, we are very kind and decent people. [We talk] about the treasures of the National Gallery, dog races, the Henley regatta and gatherings in Ye Olde Cheshire Cheese pub," continued Mr Lyubimov, the club's chairman.

These days, however, the gentlemen are badly out of sorts. "Many club members believe that Western countries are not treating Russia properly," he complains. Why, for example, have many former KGB officers been refused visas, while ex-CIA agents and Britons who were once branded *persona non grata* by Moscow are nowadays allowed into Russia?

Both the West and Russia have continued spying enthu-



Lyubimov: Spies prefer whisky

asially on one another, despite the end of the Cold War. The head of Russia's counter-intelligence, Nikolai Kovalyov, claims that within the last year

his service exposed 400 foreign agents. This week, a Commons committee warned that Russian agents may be trying to penetrate British intelligence.

But Mr Lyubimov believes the West is guilty of double standards, merely spying away while condemning - and penalising - Russia for doing the same.

However, he and his fellow spies do have their limits. They drew the line at a proposal made by one of the guests at a club meeting. According to Mr Lyubimov, a British human rights activist called on the assembled spooks to repent for their sin of persecuting dissidents. This "did not evoke any enthusiasm on the part of club members," the KGB veteran remarked.

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## news

## significant shorts

## Butcher in food poisoning scare shuts up shop

An Edinburgh butcher at the centre of the latest *E. coli* food poisoning outbreak in Scotland decided yesterday to close his shop. James Anderson made his voluntary decision following talks with environmental health officials who have linked three *E. coli* 0157 cases with his shop in Leith. There have been no deaths in the latest outbreak, but one of the victims, a 72-year-old woman, is seriously ill at Edinburgh Royal Infirmary. Swabs from the shop were taken yesterday but it could take up to five days before the results are known.

Meanwhile, John Barr, the butcher whose premises in Wishaw have been linked to 18 deaths in an earlier outbreak in Lanarkshire, prepares to reopen his shop today, with the approval of the area's public health authorities. **Steve Boggan**

## Rail firm to cut 1,200 jobs

More than 1,000 jobs are to be cut by privatised rail companies in the north of England, according to leaked government documents. The figures, obtained by the BBC, show that MTL, the largest private bus company in Britain, which took over Regional Railways North East and serves Manchester, Leeds and Newcastle, plans to cut staff levels by 40 per cent over seven years. Under British Rail, the firm employed nearly 3,000 people. Under MTL, it will be run by 1,800 staff. Jonathan Bray, of Save our Railways, said: "This shows what privatisation is all about. Private companies are given contracts not because they offer the best deal for passengers but because they promise to axe staff and slash costs." **Randeep Ramesh**

## Policemen sacked in racism row

Two long-serving police officers have been thrown out of the force after shouting racist abuse at a member of the public. Sgt Andrew Hunter and Det Con Steve Beech were "required to resign" by the Thames Valley Chief Constable Charles Pollard after a disciplinary hearing. The pair, who had been officers for more than 25 years, were carpeted after an incident in Buckingham, when a black pedestrian complained racist abuse was shouted at him from an unmarked police car. Both officers, who stand to lose their pension rights, have lodged appeals with the Home Secretary.

## Tory defector in battle for stronghold



Alan Howarth, the former Tory MP who crossed the floor to join Labour in 1995, is on the shortlist for the safe Labour seat of Newport East, south Wales. The MP for Stratford-upon-Avon is one of nine contenders, and a particularly strong challenge is expected from Bryan Davies, a Labour frontbench spokesman whose Oldham Central and Royton constituency vanishes due to boundary changes. At the 1992 election, Roy Hughes, who announced his retirement only recently, had a majority of 9,899 over the Tories. **Tony Heath**

## Protest over Lake District drilling

Concern over the prospect of more boreholes being drilled in the Lake District National Park in an attempt to prove the Sellafield area safe for the burial of nuclear waste has provoked a protest by the park authority to John Gummer, Secretary of State for the Environment. Mr Gummer is hesitating over his decision on a public inquiry into an application by Nirex, the state-owned nuclear waste company, to build an underground rock laboratory on the Cumbrian coast - paving the way for a £2bn repository. Doubts increased last month with the leaking of a Nirex memo saying up to 100 times more data was needed, and even then the company might "struggle" to make out a safety case for a dump. **Stephen Goodwin**

## Libel damages for Tory candidate

A Conservative parliamentary candidate yesterday accepted a total of £16,000 libel damages from nine companies who distributed an issue of the satirical magazine *Scaeveng*, which accused him of planning a "dirty tricks" campaign against Labour. Solicitors for Dr Julian Lewis, the joint deputy director of the Conservative Research Department who is standing for the New Forest East seat, told the High Court yesterday there was no truth in the allegations. The distributors apologised unreservedly and also agreed to pay Dr Lewis's legal costs.

## Motorway experiment cuts crashes

A variable speed limit scheme on Britain's busiest motorway has helped reduce accidents and improve traffic flows, it was announced yesterday. The system - in place for 12 months on the busiest section of the M25, London's orbital motorway - works by measuring congestion and adjusting the speed limit to get traffic flowing freely. Police have reported a 38 per cent drop in the number of accidents. Despite the scheme's success, however, there are no plans at present to extend it beyond the capital. **Randeep Ramesh**

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## people



Looking back: Rabbi Leo Fischer at the memorial in central London, unveiled yesterday by the Queen and the Israeli president, Ezer Weizman, to Raoul Wallenberg, the Swedish diplomat credited with saving 10,000 Jews in Hungary from the Nazis. Mr Fischer, who fled during the war, helped save his own parents with Swedish passports (Photograph: Andrew Burman)

## Anti-bully ploy that smacked of a teacher's step too far

Brenda Davies, a teacher who was disciplined after allowing a five-year-old pupil to smack a group of boys she claimed had bullied him, yesterday resigned her post.

The 49-year-old blamed her resignation on stress caused by a lack of support from the head teacher and management at Tennyson Road Primary School in Luton. She said she planned to take her case to an industrial tribunal, claiming constructive dismissal.

Mrs Davies, a teacher for 27 years including seven at Tennyson Road, was removed from her infant class last November and asked to teach older children after she let Joe Middleton smack six other children on the hand with a wooden ruler.

At the time, she said that Joe, who has learning difficulties, had been kicked "like a football" in the playground by six boys aged five and six, and that she gave him the choice of forgiving them or smacking them.

She defended her actions to the school management and parents, and wrote to the Secretary of State for Education Gillian Shephard asking for her support. When given a final written warning that she would

be sacked if she refused to give a firm undertaking not to allow a similar incident again, she insisted she had acted in line with the school's anti-bullying policy.

Yesterday, Mrs Davies said she still believed she was right to allow Joe a chance to stand up to his tormentors, but would think twice before doing the same again.

She claimed stress had affected her so badly after the incident that she needed psychiatric therapy, and feared having to retire through ill-health.

Mrs Davies said: "The stress was down to the lack of support I got from the headmaster and governors and the fact that parents and teachers have told me they feel too intimidated to support me."

"I am afraid that the school management were not listening to me and accepting the truth of my intentions, which was to help a kid to stand up for himself."

The incident last October divided parents at the 160-pupil school. Some launched a petition in her support while others condemned her for contacting the media. Her head, Graeme Russell, said yesterday: "Since she is considering going to an industrial tribunal it is not appropriate to comment further." **Lucy Ward**

## Bertone, doyen of car design, dies

Nuccio Bertone, one of the great figures of the car world and the doyen of Italian design, has died aged 82.

During more than half a century of intense work, he created some of the world's most memorable car designs including the Lamborghini Countach, the Ferrari Dino 308 GT4 and the Land Rover Range Rover.

Born in Turin in 1914, he entered his father's small coachworks firm in his early 20s, gradually transforming it into a fully-fledged industrial plant.

One of his first big successes was the 1954 Alfa Romeo Giulietta Sprint, of which 40,000 were built against an expected 500. He also designed the Fiat 850 Spider and the Fiat X1/9.

However, the Bertone Lamborghini is the hallmarks of an epoch - the Miura, Espada and Countach each figuring as milestones in automotive history.

Finally in the 1990s, came the Citroens ZX and Xantia, the Opel Astra and Fiat Punto cabriolets and the Citroen Berlingo.

In 1995 came a Guinness Book of Records entry when the Bertone ZER blasted through the 300km/h barrier



Bertone: Epoch-making work

to achieve a record speed of 303.977 km/h.

Bertone leaves two daughters who have followed their father's path: Marie Jeanne, a graduate in architecture, oversees the creative section of the Bertone group, and Barbara, an economics graduate, the industrial production division.

Today the group employs 1,500 with a turnover of £200m. Reuters

## Composer sits with his peers

The millionaire composer Sir Andrew Lloyd Webber, promoted in the New Year's honours list, took his seat in the House of Lords yesterday as Lord Lloyd-Webber.

The creator of West End musical hits including *Evita*, *Cats*, *Jesus Christ Superstar* and *The Phantom of the Opera* is expected by Tory whips to join the Conservative benches.

Lord Lloyd-Webber's sponsors were the crossbenchers Lord Owen, the former Labour Cabinet minister and SDP co-founder, and the former Arts Council chairman, Lord Palumbo.

Lord Lloyd-Webber's will now be written with a hyphen to satisfy Lords protocol.

Also taking his seat yesterday was Raj Kumar Bagri, chairman of the London Metal Exchange and of MetDist.

Lord Bagri's sponsors were Tory peers Lord McCol of Dulwich and Baroness Flather.

## briefing

## MEDICINE

## Genetic mutation hope for Aids victims is demolished

A dying man in Australia has demolished early hopes that a genetic mutation, found in about 1 per cent of Caucasians, might confer resistance to HIV, the virus that causes Aids.

Writing in the journal *Nature Medicine*, Dr Robyn Biti, of Westmead Hospital in Sydney, details a gay male patient who appears to be developing Aids despite having a double mutation of a gene known as CCR5.

Last August research in *Cell* magazine, based on work at the Aaron Diamond Research Center in New York, had suggested that people who had a pair of faulty CCR5 genes did not produce a protein on their immune cells that HIV needed to attach to. This, in turn, would mean that people with the double CCR5 mutation should be immune to HIV. **Charles Arthur**

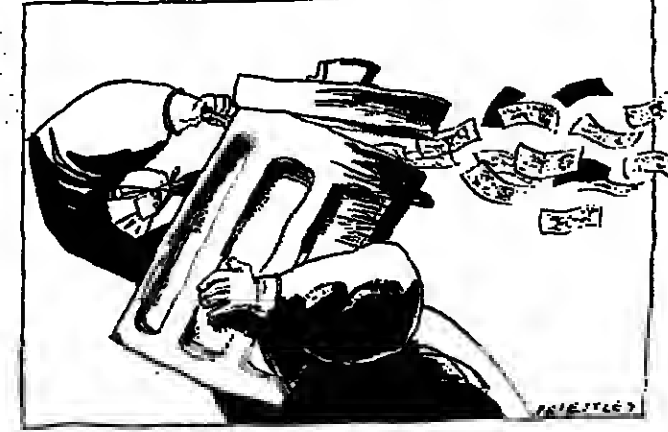
## NHS

## Hospitals' £10m waste

Hospitals could save millions of pounds across the NHS if they took a more efficient and systematic approach to sorting waste. A report by the Audit Commission also warns that some hospitals need to adopt safer practices when it comes to handling and transferring clinical waste which includes bloodbags, human tissue, infectious material and used syringes.

Acute hospitals in England and Wales spend £30m a year on waste disposal. But trusts are paying more than they need by not sorting different types. A more systematic approach and better contract management could save £10m it is estimated.

*Getting Sorted: The Safe and Economic Management of Hospital Waste*, £15, from Audit Commission Publications, Bookpoint Ltd, 39, Milton Park, Abingdon, Oxon OX14 4TD. **Glenda Cooper**



## SCIENCE

## Ticklish problem is solved

A robotic hand on a flexible hose and a scientist under a sheet have proved that tickling makes you laugh because it tickles.

Previous thinking suggested that you would feel more tickled if the action were carried out by somebody you knew rather than a stranger. But psychologists at the University of California at San Diego disproved the idea. They took 34 blindfolded volunteers into a room to be tickled either with the robotic hand or by a person.

In fact, all the tickling was carried out by a scientist hiding under a sheet. To the students it made no difference: they reported feeling equally tickled whichever they were told was doing the stroking. Ticklishness, say the researchers, is a reflex, not an emotional reaction. **Charles Arthur**

## UNEMPLOYMENT

## Quarter jobless since last election

More than one in four people of working age have had a spell of unemployment since the last general election, Labour said yesterday.

In total, 10,225,000 people have signed on since April 1992 - 27 per cent of all people between 16 and retirement age. In Wirral South, where voters go to the polls in a by-election today, 14,000 people have claimed benefit.

The figures were given in a written answer to Labour's employment spokesman, Stephen Byers. Yesterday Mr Byers criticised ministers who had claimed that job insecurity was "a state of mind".

He added: "They should try telling that to the one in four who have lost their jobs since the last election." **Fran Abrams**

## MOTORING

## Any colour, as long as it's brown

If Henry Ford were alive today he may have had to rework his famous comment about the colour of his cars. It seems that on the production line as well as on the catwalk, brown is the new black on the production line.

According to the car paint supplier, PPG, red will retain its popularity, but beige, caramel and yellow will also feature as the prominent car colours by 2000. A spokesperson said: "Women's fashion has always led the way when it comes to colour trends, closely followed by the world of interior design. These patterns emerge next in the car market."



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# BBC wins rugby rights – almost

Rob Brown and Chris Hewett

Bill McLaren and his colleagues were kicked out of Twickenham when BSkyB showed the English Rugby Union with £87.5m last year, but they will remain very welcome at Cardiff Arms Park, Murrayfield and Lansdowne Road into the new millennium.

rugby unions of Scotland, Wales and Ireland to keep possession of live Five Nations rugby coverage in the Celtic Fringe.

England, who notoriously negotiated the unilateral deal with BSkyB and nearly found themselves excommunicated from the Five Nations as a result, are now in the peculiar position of playing their home matches in front of a far smaller television audience than their Celtic brethren.

will remain "free to air" for the next three seasons. Announcing the deal yesterday, Jonathan Martin, BBC controller of television sport, said: "We are delighted that the national rugby unions involved took a considered view of the potential audiences for these important matches and have chosen to make them available to the whole United Kingdom viewing public."

Stirling County and from Bridgend to Ballymena, Welsh clubs – some of which have run into acute financial difficulties in recent months – had double cause for celebration yesterday when a separate domestic deal was struck with HTV and the Welsh language station S4C.

"This contract keeps faith with the vast majority of rugby supporters. It is also an excellent contract commercially," Charlie Bisset, Scottish Rugby Union's Five Nations television sub-committee representative, said the outcome of negotiations with the BBC had provided "an optimal answer to our twin objectives of maximising coverage of the game, combined with our desire to achieve the greatest possible return for our television rights."

Tom Kiernan, the Five Nations Committee chairman, said these had been the two prime principles in their negotiations with the BBC.

by Union unilaterally negotiated a deal with BSkyB for live coverage of matches played at Twickenham.

## How film's independent producers are winning hearts, minds and seats from the Hollywood moguls

David Lister Arts News Editor

First the Oscar nominations suggested it and then this week's announcement of the front runners for Bafta awards, the British equivalent, confirmed it – the Hollywood giants are fighting a losing battle against the small independent film companies.

Minghella and money from independent American company Miramax, looks to be part of a revival of stylistically old-fashioned films – long, thoughtful, intelligent character dramas.

the film's two stars just three weeks before shooting was due to commence. They were "not hot enough" he was told by the Fox executives who wanted to replace Kristin Scott Thomas with Demi Moore.

lous and can't wake up in the morning without tying their shoelaces wrong. It's chic of Miramax to say they're independent when they're owned by Disney.

Juliet – most of the Hollywood giants recognise that action and hi-tech blockbusters are favoured by the overseas market and are easier to merchandise at stores or exploit in theme parks. The more serious fare is riskier and has a much lower return.

they accept on an independent film. "People say 'Warner Brothers does it. They can afford to spend a lot of money.' But if you're working for an independent, you're doing it at a different pace and scale, with no big salaries, no big trailers, no big anything." Ironically, the character drama that Warner did back, *Surviving Pleasure* with Anthony Hopkins, did badly at the box office.

### Box-office bonuses: Where the indy profits go

Independent company	Present release	Owner
Miramax	<i>The English Patient</i>	Buena Vista
Fine Line	<i>Shine</i>	Time Warner
Gramercy	<i>Fargo</i>	Polygram
Searchlight	<i>The Brothers McMullen</i>	Fox

## Fake degree certificates sold by Internet for 'fun'

Lucy Ward Education Correspondent

Bogus degree certificates from universities including Oxford and Harvard are being offered for sale on the Internet.



Peter Quinn (left) and a detail from the net site



when they invite you round for coffee. Others just want to get one over on a braggart colleague in the office.

Though the documents are advertised as "exactly the same in appearance, quality, paper weight and seal as those issued by the various examination and issuing bodies", they were only entirely convincing to the man in the street, Mr Quinn claimed.

Police yesterday confirmed that, providing Mr Quinn does not produce fake certificates knowing that his clients intend to use them to deceive or invite them to do so, he is not committing a criminal offence.

As a spokesman for the Merseyside force said officers had pressed no charges after investigating Mr Quinn's activities two years ago amid reports that he was then producing fake medical certificates.

Leeds University, one of the universities listed as examples on the advertisement, said: "We are taking immediate steps to get this activity stopped."

## Blair's virtual campaign opens

Charles Arthur Science Editor

British politicians are quickly discovering an exciting new media forum by which to woo voters: the Internet.

tant for political campaigning in future. "I think this will be a great way of communicating with people," he said.

Tonight, the Liberal Democrats will offer their confirmation, airing a party political broadcast starring John Cleese, which will also be visible – for those with top-flight machines, or inexhaustible patience – via the Internet. However, its billing yesterday as "the first (Party Political Broadcast) on the Internet" is incorrect: the Tory Party was the first to that prize, with its *New Labour New Danger* PPB and campaign in mid-July

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Internet space provider used by Mr Quinn, yesterday disabled the site after being alerted to its content by *The Independent*. However, by the end of the day, the service was up and running again on a new site.

well

Small text at the bottom of the Mercury advertisement.



# Labour vows to be tougher on inflation

Anthony Bevis  
Political Editor

A Labour government would be tougher on inflation than the Tories have been, Gordon Brown, the shadow Chancellor, said last night.

Mr Brown told a London business forum that Labour would set the same inflation target as the present government, "to achieve underlying inflation of 2.5 per cent or less", ensuring that the Retail Price Index, excluding mortgage interest payments, remained in the 1 per cent to 4 per cent range.

But he added: "While the Conservatives have managed to keep underlying inflation within the 1 to 4 per cent range, the target of 2.5 per cent or less has not been met since December 1994. Since the target was first set, it has been achieved in just 11 out of the 52 months. So the Government has clearly failed to achieve an average inflation rate of 2.5 per cent over the course of this Parliament."

He said: "We are tougher not just because we understand the need to tackle the causes of inflation at source. It is also because we will ensure decision-making on interest rates is more effective, open and accountable. In this way, we will make clear that decisions are being taken ... for the long-term national economic interest."

"This will deliver the confidence and stability among investors and business which is necessary for credibility."

Kenneth Clarke, the Chancellor, yesterday accused Mr Brown of retreating into a system of secrecy and political manipulation.

Never again should interest rate decisions appear to be manipulated for political ends

However, Mr Brown said in his speech that he wanted to keep the existing framework of the Bank of England's inflation report, and the monthly meetings between the Chancellor and the Governor, followed by publication of the minutes six weeks later.

He said there remained strong suspicion of political expediency, and added that, under Labour, interest-rate decisions had to be made at the meetings between the Chancellor and the Governor, with

immediate announcement, along with proper justification to the public.

"If we are to achieve our objectives for inflation," Mr Brown said, "never again should interest-rate decisions affecting the long-term appear to be manipulated for short-term party political ends."

As reported in *The Independent* yesterday, Mr Brown said he wanted to broaden the advice given to the Treasury and the Bank.

"It is time to move from the Government's ad hoc, often subjective and even amateurish approach to decision-making on matters vital to every family and business in the land to a consistent, better-informed and more professional system of policy-making both in the Treasury and the Bank of England."

However, he was more cautious than some newspaper reports suggested about Bank independence.

No decisions had been taken on giving the Bank statutory powers to set interest rates to achieve the Government's inflation target.

But Mr Brown said: "Government has a responsibility to the public in setting the objectives of economic policy and that means that the Government must set the targets for monetary and fiscal policy."



Thinking ahead: Gordon Brown promises more-effective decisions Photograph: Brian Harris

DAVID Aaronovitch

## MP fires a cold hard question

It was said Niranjan Joseph Deva - the Conservative member for Brentford and Isleworth - "part of the historic tradition of this House that an MP should be able to speak about an injustice that has befallen one of his constituents".

"On the 15th June 1993 at nine o'clock in the morning," continued Mr Deva with admirable attention to detail, "Mr Constantine Kashiris was in the garden of his home in Isleworth, when a block of ice the size of a sack of potatoes fell from an aircraft flying overhead". What then transpired could be attested to by a Dr Zucchini (I think) of 19, Harvard Drive, Isleworth, who - according to Mr Deva - examined Mr Kashiris shortly after the incident. The unfortunate septuagenarian had managed to evade the plummeting ice-cube, but the shock had sent him tumbling into his own back door. When, "on the 30th November 1993", further tests were carried out on Mr Kashiris by a consultant, Mr G.E.T. When (Dr Zucchini presumably having exhausted his specialist expertise), it was discovered that Kashiris had suffered a "transmission line running along the upper surface of the glenoid fossa".

Since then, said Mr Deva, the story of Mr Kashiris' life had been a tale of one man's lonely battle for compensation - compensation for "poor nerves, stress and sleepless nights" (presumably worrying about the next sudden fall of ice). The Civil Aviation Authority, however, had been of no assistance. It had identified a number of aircraft in the vicinity of Isleworth at the time, but could not tell which had let loose the offending lump. Had Mr Kashiris been able to scribble down the registration number of the offending aircraft, then he would - they admitted - have had a very good case. Alas he had failed to do this.

"But," Mr Deva pointed out sagely, "aircraft do not carry registration markings on the underside of their wings. So is Mr Kashiris supposed to carry a pair of binoculars just as he is suffering the shock of a falling block of ice?" The angry MP continued with this devastating question: "how do you," he demanded, "identify a plane when you have just been knocked to the ground by something falling from it?" He looked hard at the minister, the minister looked at the whip, the whip looked at the usher and the usher looked at me. Mr Deva had us, and we knew it.

Thus had Mr Kashiris been "denied justice" by the Civil Aviation Authority which had a responsibility towards those living close to airports and "who are made injurious and suffer amenities because of it". (I agree. An aunt of mine once suffered awful amenities for months because of an airport.)

John Bowis was the luckless transport minister tasked with replying to Mr Deva's indictment. Unable to deny that injustice had been inflicted, he took refuge in a long and diverting analysis of what icefall from aircraft actually was and how often it happened.

Such ice was often the result of "leakage in lavatory installations, known as blue ice," but the danger, "though present, is remote". True, said Bowis: reports of such incidents had risen from 25 in 1993 to 33 in 1996. But this rise could be due to "increased public awareness of the need to report icefalls". (Haven't we all seen the public safety ads on TV, warning us to don protective headgear before entering our gardens?)

All this can be of little comfort to Mr Kashiris, who now knows (as Mr Deva did not put it) that he has been pissed on from a very great height indeed.

# Masons square up to Commons challenge

Christian Wolmar  
Westminster Correspondent

Two senior Masons denied yesterday that there was anything untoward about Freemasonry and stressed that police officers and judges would always have first loyalty to their jobs, rather than their lodges.

Commander Michael Higham, the grand secretary of the United Grand Lodge of Eng-

land, and John Hamill, the curator of the Grand Lodge Museum, painted a picture of Freemasons as spending most of their time at meetings, in complex rituals - "one act plays" - and in raising £13m per year for charity.

Giving evidence to the Commons Home Affairs Committee, which is examining the role of Freemasonry in the police and judiciary, Cdr Higham said

that Masons had to be of good character, to believe in God, be over 21 and to have the ability to spend the time and subscription, about £30 per year, on Freemasonry. He denied that the Freemasons had ever been a secret society.

He explained that until 1939, Freemasons had been quite open about their membership, but during the war, secrecy became the norm. However, in

1984 the policy changed, and "we've been talking to the public for 12 years to anyone who listened."

Cdr Higham stressed that public concern about Freemasonry "comes from misunderstandings. Freemasons start from the basis that they are good citizens. If they fall foul of the criminal law, we invariably expel them."

Until the mid-Eighties, he

said, Freemasonry had been self-policing and miscreants resigned without being asked to do so. Between 1946 and 1986, there were only 12 expulsions, but since then there have been 277.

Chris Mullin, a Labour member of the committee, asked whether this change of heart had resulted from increased public interest in Freemasonry. Cdr Higham denied this, saying that the change in proce-

dures followed a case in which two armed robbers went straight back to their lodge after serving six years in jail.

Earlier, Cdr Higham said there were 8,650 lodges in England with 349,213 members, and membership was declining. Rules had been relaxed to ensure that it was easier for people to be asked to join, but he stressed that no one was coerced into becoming a Freemason.

# Labour says Tories are buying votes

Katherine Butler  
Brussels

Millions of pounds in European Union grant aid which ought to have gone to some of Britain's poorest regions has been diverted by the Government to help buy votes in marginal Tory constituencies, Labour alleged yesterday.

The European Commission approved an unprecedented grant of £2bn for 10 of Britain's poorest industrial and urban areas. But Labour accused the Government of a pre-election carve-up of the money aimed specifically at boosting the Conservative vote in certain regions.

Comparative figures show that the English North-east, western Scotland, eastern Scotland and South Wales have had their percentage share of EU regional funding cut, Labour said. On the other hand London, the East Midlands, west Cumbria, and the area encompassing Greater Manchester, Lan-

cashire and Cheshire have all received significant increases on the amounts they received over the period 1994 to 1996.

Bill Miller, MEP for Glasgow said: "This is a deliberate ploy by the Government to buy votes in marginal constituencies using money which should be going to Labour strongholds."

"It is highly ironic that John Major's government, which is being completely skewed by the Eurosceptics, is now using eurofunds to finance his election campaign."

EU officials said that objective criteria are used to determine which regions qualify for grants, as well as the share-out within member states.

The breakdown announced yesterday, however, shows that East London stands to receive about 14 per cent more than it did under the last funding round while western Scotland's share is down by 8 per cent. Mr Miller said this represented a loss of around £30m on the

share the region had been expecting. South Wales will be receiving £6m less than it had hoped for from the carve up, he said. Total investment for all ten regions will come to around £4.2bn when government grants are added. A further £500m is expected from the private sector. The Commission is insisting that the Government match

EU grants pound-for-pound. The latest round of funding is likely to be the last on such a scale. Former Eastern Bloc countries are queuing up to join the EU, and Monika Wulf-Mathies, the EU Regional Development Commissioner, has warned that resources will have to be concentrated on regions which need most help.

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## TUC sets out election stall

Barrie Clement  
Labour Editor

The TUC yesterday set out its bottom line for a national minimum wage and a Labour government in a document aimed at providing Tony Blair with a smooth path to Downing Street. In what will be seen as a trade union election manifesto, the TUC effectively demands that pay rates should not fall below £4 at a time when senior Labour figures are thinking in terms of a statutory rate between £3.30 and £3.40.

The paper, *Partners for Progress*, seeks to minimise the union movement's potential to embarrass Labour during the election campaign, but raises substantial points of disagreement between what traditionalists call "the two wings of the Labour movement".

Unions call for a pact which would give public sector workers greater job security - an aspiration endorsed by remnants of the left-wing at senior levels in the Labour Party, but rejected by those close to Mr Blair. The TUC calls for a compulsory levy on companies to

pay for training and a new tripartite forum on the economy, both of which are frowned upon by the Labour leadership.

The TUC's paper was leaked to a lobby correspondent yesterday in an attempt to minimise the possibility of journalists emphasising the clashes between the party and unions.

Setting aside any differences of opinion, Labour's deputy leader, John Prescott, who addressed the TUC's ruling general council yesterday, said the document hit the right note. "A new Labour government wants unions to be part of the solution to the great problems the country needs to solve," he said.

Mr Monks said the manifesto was an attempt to encapsulate new unionism: "Resolute in the defence of people at work but willing to take our share of the responsibilities for contributing to the economic success of our country, its companies and its public services."

The TUC hopes for a new style of government which was not automatically hostile to unions, however Mr Monks conceded that there would be no favours.

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## Moynihan beats off the young pretender after tales of bigamy and sperm

Jojo Moyes

After one of the most exotic hearings ever before a Lords committee, involving sperm donation, bigamous marriages and brothels in the Philippines, the former Tory minister, Colin Moynihan, was yesterday given the go-ahead to inherit the title of his late half-brother, Lord Anthony Moynihan.

Mr Moynihan, a former sports minister, emerged victorious after the Lords Privileges Committee ruled that a challenge made on behalf of his Filipino nephew, six-year-old Daniel Moynihan, had failed.

Telling the committee that "one cannot assume that things are exactly as they might seem", the Attorney-General, Sir Nicholas Lyell, advised its members that while Lord Moynihan's "first three marriages were not in dispute" the claims of neither Andrew, the product of the late peer's fourth marriage, nor Daniel Moynihan, the product of his fifth – and bigamous – marriage were legally valid.

"The problem begins to arise as a



Lord triumphs: Colin Moynihan, and his wife, Gaynor, celebrate after winning his battle to inherit his late half-brother's title. Photograph: Edward Sykes

result of the marriages of the 3rd baron, who lived a very colourful life – some of the colours distinctly lurid," Sir Nicholas said. Lord Moynihan, a notorious playboy, had met his fourth and fifth wives in the Philippines, "where he had a prosperous business in what is described as hotels and massage parlours – but described in the obituaries as brothels," Sir Nicholas said.

Editha Edwards, mother of his elder son Andrew, who was not contesting Colin Moynihan's petition, had given birth with the aid of in vitro fertilisation. Although Andrew had

been "born in lawful wedlock", blood and DNA evidence had subsequently shown that he was not Lord Moynihan's son. "The 3rd baron, who lived a very energetic life in sexual aspects, none the less had a very low sperm count," Sir Nicholas said.

But the High Court's family division had also ruled last year that Lord Moynihan's divorce from Lady Editha had been "obtained by fraud". This meant that the peer's fifth marriage, to Inna Sabing, had been bigamous. Her son Daniel had been born three weeks after the wedding. "The con-

sequence of it being a bigamous marriage is that Daniel is illegitimate unless he can be rendered legitimate by statute by operation of the Legitimacy Act 1976," Sir Nicholas said. For that to happen, the peer would have to have lived in the UK at the time of his marriage. But a court had ruled that he had been domiciled in the Philippines.

Colin Moynihan, representing himself, told the hearing that the 3rd baron had been so keen for Daniel to succeed that he had placed an obituary in the Times claiming – incorrectly – that his first son had died. "I think he strong-

ly desired to ensure that Daniel would succeed and that he was keen to go to whatever lengths necessary to ensure that Andrew could not," he said. After the hearing Mr Moynihan, who has two young sons, spoke of his relief that the case was all over, adding: "It's been five years of constant hard work to bring together all the evidence."

The committee's ruling, which would allow the former MP to enter the Lords as the 4th Baron Moynihan, is subject to confirmation by the full House of Lords and subsequently by the Queen.

## Plans for selecting babies' sex attacked

Glenda Cooper  
Social Affairs Correspondent

A British doctor's plan to guarantee couples the sex of their unborn child was yesterday strongly condemned by his peers and described as a "flagrant violation" of medical ethics by anti-abortion groups.

The fertility expert Paul Rainsbury said that his controversial sex-selection service was designed "to end the distress faced by millions of couples unable to create the offspring of their choice."

His announcement is the latest in the continuing controversy over advances in genetics. Earlier this week, the first cloning of an adult sheep was revealed.

Within the next couple of weeks, Mr Rainsbury will offer couples the chance to visit a clinic in Naples, Italy, and undergo in vitro fertilisation treatment while choosing whether they want a son or a daughter at a cost of at least £10,000. He says two British couples have already applied to take part, as well as couples from Italy and Saudi Arabia.

Although the success of IVF itself cannot be guaranteed – the average live birth rate is 14 per cent – the sex of any foetus which survives to birth can be 100 per cent guaranteed. Surplus embryos would be disposed of or given to childless couples.

The process was pioneered at Hammersmith Hospital in west London, but control of a baby's sex is allowed only by the Human Fertilisation and Embryology Authority for health reasons, to prevent genetic disorders, such as muscular dystrophy or haemophilia, being passed on by one sex. Selecting for social reasons is illegal.

Mr Rainsbury said that he had been persuaded to offer

such a service after numerous appeals from couples, mainly from the Middle East, desperate for a son. A survey carried out by the Institute of Public Health showed that failure to give birth to a male baby was a significant factor in the high percentage of suicides among Asian women in Britain.

"At one time I was unconvinced about providing such medical assistance," he said. "But as I said my colleagues in the Western world have learnt more about the cultural and economic pressures imposed on such couples the more I have come to believe medical science should be used to mitigate needless anguish and suffering."

Of his critics he said: "Those of us who work in the field of human reproduction have long grown accustomed to censure, usually by people who have no idea of the huge distress caused by infertility and childlessness."

But a spokesman for the Society for the Protection of the Unborn Child said: "It is a step further down the path where the right to a particular child, a mentally encouraged by the practice of IVF, leaves embryos vulnerable to be discarded and it is a flagrant violation of the child's rights."

A spokesman for the pro-life charity Life added: "We are not surprised. It just marks another milestone in the commodification of the baby."

Lord Robert Winston, professor of fertility studies at Hammersmith Hospital, described Mr Rainsbury's claims as "repulsive".

"There is no question that the government regulatory operation has made it quite clear that they would not want us to do sex selection for social reasons and nor would we," he told the London radio station LBC.

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## Murder charge girl's chilling 'diary of death'

A girl accused of murdering teenage hairdresser Katie Rackliff was constantly preoccupied by the death in "chilling" diary entries in the years that followed, a court heard yesterday.

The girl, now 17, was only 12 when Katie, 18, was stabbed to death in June 1992, Winchester Crown Court was told.

Katie, who had spent the last evening of her life at a night club in Camberley, Surrey, was found with 29 stab wounds in a street in Farnborough, Hampshire, the court heard.

The girl, who for legal reasons cannot be named, denies murder.

Yesterday Stewart Jones QC, for the prosecution, read from the girl's diaries of 1994, 1995 and 1996. "She is constantly preoccupied with the whole question of Katie," he said.

A diary entry from 13 January, 1995, said: "Remember KR. Oh God, she did get me going, so hot, pity really."

"I think about it and my head is spinning, but against the cops I'm winning."

An entry from 7 March, 1995 said: "I bet she's all bone and maggots by now. She shouldn't have tested."

In another entry she wrote: "I believe in pain as the mirror of the extreme perfection of man's ability, the sublimation of the ego, the supreme animal, that's why she had to be killed."

Another entry said: "If only I could kill you again, I promise I'd make you suffer more, you

slag. Your terrified screams turn me on."

An entry for 4 July said: "Death by knife wounds and sex go together, they both take you, and all women should be taken."

Another entry said: "I enjoyed putting the blade up her. It made me feel powerful. I had to overcome her serenity, her security, she needed to be raped."

An entry in November 1995 said: "Last night it occurred to me, that killing her did me good. I know what I'm capable of, and will do it again."

On 7 December, the diary entry said: "Two-and-a-half years today, I put that slag in the ground." Mr Jones said that by then it was actually three-and-a-half years.

Mr Jones said the attack on Katie must have been frenzied. The victim's heart, lungs, liver and stomach were cut and penetrated time and time again and there were also stab wounds to the victim's genitals.

Mr Jones said the killing remained a mystery until the early part of 1996 when police interviewed the accused, who proceeded in a series of interviews to admit she had stabbed Katie to death. At the time police went to see her, she was in custody in a young offenders' institution, he said.

Mr Jones said: "It is the appalling truth that this young girl... did in fact kill Katie Rackliff, was haunted by it since, or alternatively has exulted about it, even going so far as to mention sexual pleasure she had gained from it at the time."

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# Plans for recting ies' sex acked

appeals from couples, mainly from the Middle East, desperate for a son. A survey carried out by the Institute of Public Health showed that fathers give birth to a male baby as a significant factor in the high percentage of suicides among Asian women in Britain.

"At one time I was unconvincing about providing medical assistance," he said. "But as I and my colleagues in the Western world have learnt more about the cultural and economic pressures imposed on such couples, there has come to be a more realistic attitude. It should be used to mitigate needless anguish and suffering."

Of his critics he said: "One of us who work in the field of human reproduction have long grown accustomed to being usually by people who have a naive idea of the huge distress caused by infertility and childlessness."

But a spokesman for the Society for the Protection of the Unborn Child said: "It is a step further down the path where the right to a child overrides the right to a parent's child, a mutilative encroachment on the sanctity of the practice of IVF known as embryo or ova banking, and it is a flagrant violation of the child's rights."

A spokeswoman for the pro-life charity Life added: "We are surprised if just two marks are not milestone in the commodification of the baby."

Lord Robert Wainman, president of fertility clinic Hammersmith Hospital, said: "Mr Ramsden's view is comprehensible."

"There is no question," he said, "that governments in England have made it quicker than this world should insist, to select what you would call 'normal' embryos," he said. "It is a common-sense statement."

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did not fulfil its function," said. Solicitors are also applying to the Director of Public Prosecutions for a criminal investigation into South Yorkshire Police, who handled the incident, and West Midlands Police, who investigated the tragedy. Both forces insist Dr Walker's statement was made available to the coroner.

Molly Meacher, a member of the PCA, said that in view of the increasing numbers of people coming into police custody suffering from psychiatric disorders or drug addiction, police forces need to consider whether drug and psychiatric experts should be available. The police doctors should also clearly say how a sick prisoner should be treated.

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Mane event: The British Horse Society's team of native ponies – which includes breeds from the New Forest, Exmoor and Shetland – lines up at Catherstone Stud, Whitechurch, Hampshire, before leaving for the Equitana festival in Essen, Germany  
Photograph: John Lawrence

## Hollow victory for solicitors in advocacy battle

Patricia Wynn Davies  
Legal Affairs Editor

Solicitors reacted with dismay yesterday as the long-running battle over whether the Crown Prosecution Service and other employed solicitors should present cases in the higher courts ended in a messy compromise.

After six years of campaigning for new rights of audience, objections from two senior judges ensured only a partial victory for the profession. Lord Mackay of Clashfern, the Lord Chancellor, announced that solicitors working for the CPS, local authorities, the government legal service and companies would have some new rights to handle cases in Crown Courts and the High Court and above without having to instruct barristers. But the accompanying restrictions prompted criticisms that they hardly amounted to new rights at all.

New rules, Lord Mackay said, will limit CPS solicitor-advocates to handling plea and directions hearings and other preliminary proceedings in Crown Court criminal cases, while in civil proceedings in the higher courts solicitors will not be able to appear as advocates on their own in any hear-

ing concerned with the merits of the case. Those employed by local authorities will likewise be barred from appearing alone, without outside counsel, in civil proceedings.

The upshot is that employed solicitors will be unable to appear alone as advocates in any jury trial or substantive hearing in a civil trial.

The fudge comes despite backing from Lord Bingham, the Lord Chief Justice, Lord Woolf, the Master of the Rolls, and Lord Mackay himself for one of the remaining restrictive practices enjoyed by barristers to be swept away.

But each of the four "designated" judges in charge of the courts has the power to veto any change to the rules governing rights of audience.

Yesterday's announcement comes after fierce lobbying from the Bar Council, the barristers' professional body, and more crucially, objections raised by Sir Stephen Brown, the President of the Family Division of the High Court, and Sir Richard Scott, author of the Scott amendment report, who is vice-chancellor of the High Court Chancery Division.

Sir Stephen was concerned that the original proposal would mean local authority-employed

solicitors would be handling sensitive care cases without resort to an independent barrister. Sir Richard raised concerns about the placing of a prosecution entirely within the hands of the CPS, a state body.

Recently it has become clear that despite Lords Mackay, Bingham and Woolf being in the majority, the Lord Chancellor's Department could not risk an embarrassing showdown of one or both of the other two judges exercising the veto.

A public welcome masked disappointment at the CPS. Barbara Mills QC, head of the service, said: "We welcome the fact that some of the restrictions on rights of audience in the higher courts for employed solicitors have been removed."

For a service already battling with low morale and stretched resources, the bar on the opportunity for its lawyers to qualify as jury trial advocates will come as a blow.

Phillip Sycamore, the Law Society's vice-president, said: "The Lord Chancellor has announced the judges' decision that, in almost all circumstances, employed solicitors will not be granted rights of audience in the higher courts. This is an extremely disappointing announcement."

## Man charged with killing Kayleigh, 9

Jason Bennetto  
Crime Correspondent

A man was charged yesterday with the murder and rape of Kayleigh Ward, the "street-wise" nine-year-old who disappeared after going to buy some chips.

Meanwhile, in an unconnected case, the body of a second child, believed to be that of missing nine-year-old Zoe Evans, was found in Wiltshire.

John O'Shaughnessy, 30, from Blacon, Chester, is to appear before Chester magistrates today charged with Kayleigh's murder. Her body was found in the river Dee just over the Welsh border from her home in Chester by a man walking his dog on Tuesday.

A Home Office Pathologist who examined the body concluded she had been strangled before being put into the river.

The discovery ended a police search that began when the girl, who was described as "street-wise", went missing on 19 December after setting off from her hostel home. Her body was identified by her mother Yvonne, 36.

Police are preparing for a fingertip search today of a bronze-age campsite at Battlesbury Hill, Warminster, after the discovery yesterday of what is believed to be the body of Zoe Evans, who vanished from her Army married quarters home on 11 January. The body was found by officers working on the edge of the wooded hill – a 200ft high bronze-age campsite and local beauty spot.

The area was cordoned off and a nearby military road closed to traffic. The area is on military land and less than a mile from Zoe's home at Pepper Place, near Warminster.

Barracks. A footpath links the hill to the married quarters and it is understood it was previously searched by police.

Her stepfather, Private Miles Evans, 23, a driver with the Royal Logistics Corps, is in custody charged with her murder. He is due to make a further remand court appearance at Trowbridge later this month.

Zoe lived with her stepfather, her mother Paula, 28, and her brother Glenn, seven, in a terraced house. She was known to be a polite girl and fond of dogs. She was last seen at a local supermarket.

Less than a week after her disappearance police found two items of bloodstained clothing. They declined to give details but said they were a girl's and a man's.

A post-mortem examination on the body was expected to be carried out last night.

## Tory MP drank himself to death alone in his flat

The sudden death of Iain Mills, the Tory MP, was caused by acute alcohol intoxication, an inquest was told yesterday.

At the time of his death, which temporarily plunged John Major's government into a minority, the 56-year-old backbench MP for Meriden, in the West Midlands, was found with more than five times the drink/drive limit of alcohol in his blood.

Derek Conway, a government whip, told Westminster coroner's court how he had found Mills at the MP's flat in London where he had lain undiscovered for at least two days.

Paul Knapman, the coroner, said: "It is... a sad story that nobody noticed that Iain Mills wasn't so much around... until Mr Conway found him."

Mr Conway started searching for Mills on the afternoon of 16 January, after the MP had failed to turn up for a crucial vote in the House of Commons two nights before. With a security



Iain Mills: Lay undiscovered

guard, he found Mr Mills's body face down on the bed in his flat at a complex in Pimlico, central London.

Dr Knapman recorded a verdict of misadventure, saying that the alcohol level in Mr Mills's blood was "astonishingly high".

Peter Jerreat, a pathologist, said that Mr Mills's blood con-

tained 472mg of alcohol per 100ml. Allowing for the effects of decomposition, he said, the level at the time of death was probably at least 400mg. The drink/drive limit is 80mg per 100ml. The inquest was also told that Mr Mills had been taking pain-killers for toothache, but these had not played a significant role in his death.

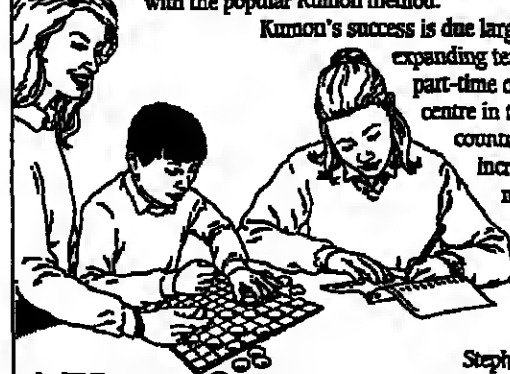
Mr Conway said that Mr Mills had been drinking when he last saw him at the Commons on 13 January. The MP he said, was often seen "round and about the bars" there, but had not mixed socially with his colleagues.

Outside the court Mr Conway said: "We were encouraging Iain to try and get a grip... We knew he was drinking, but we had no idea it was in the order found by the pathologist." However, he added: "The reports... from his constituency were that he was doing [his work] very well."

Mr Mills left a wife, Gaynor, who was not present at yesterday's hearing.

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## news

# Grammar tests will not help, say teachers

Schools denounce new exams as politically motivated

Judith Judd  
Education Editor

Fourteen-year-olds will be asked to identify adverbial phrases and subordinate clauses in new tests released yesterday and designed to promote the teaching of formal grammar.

In spelling, pupils will be asked to spot misspellings of words such as "concentration" and "essential" and in punctuation they will be required to explain the use of apostrophes and paragraphs.

There will also be new 20-minute mental arithmetic tests for both 11- and 14-year-olds in which pupils will be given five seconds to write, for example, four-fifths as a decimal and to increase £60 by 5 per cent.

The questions will be read out on a tape by a BBC continuity announcer or by the class teacher. Both sets of tests will be piloted in schools next term and may be compulsory next year.

English teachers yesterday described the grammar tests as "politically motivated" and said they would do nothing to improve pupils' grammar.

Dr Nick Tate, chief executive of the School Curriculum and Assessment Authority, which released the sample tests, said that they were being introduced because of concern among employers, politicians and the public about "a pervasive sloppiness

in people's writing." He said: "We should be moving into an era of zero tolerance of poor punctuation, bad spelling and weak grammar."

The 50-minute English test will involve changing a noun, such as force, into an adverb or an adjective using a suffix and linking simple sentences together to make one logically ordered complex one.

There will be some questions which relate to literary criticism. For example, pupils may be asked to say how particular adverbs add to the meaning of a passage.

Dr Tate said good schools were already teaching pupils in a way which would enable them to succeed in the tests but evidence from national tests for 14-year-olds suggested some, possibly many, were not.

Some teachers would need retraining. The authority's survey of teachers' confidence about teaching grammar shows that they feel confident about paragraphing and using nouns, verbs and adjectives but less so about sentence structure.

Anne Barnes, general secretary of the National Association for the Teaching of English, said:

"These are appalling tests. We have not focused enough on teaching children about grammar but the tests are a politically motivated distraction."

"There is too much emphasis on using the right terminology



Back to basics: Grammar and mental arithmetic tests will be piloted in schools next term and may become compulsory Photograph: Mannu Masons

ogy and correcting words is a very hit-and-miss way of teaching spelling.

The tests will mean that children who are good at learning

grammatical rules do better than those who can write expressively.

The association has advised all schools to think carefully before agreeing to take part in the pilot scheme.

So far only 30 per cent of secondary schools have volunteered for the English pilot

tests whereas 74 per cent have volunteered for the mental arithmetic tests.

Sixty per cent of primary schools have asked to take part

in the 11-year-old arithmetic tests which will have 28 questions.

All the tests will be marked externally.

## A test too far

You have 10 seconds to work out the answers. There are a decimal, seven divided by 25. What is three divided by eight? What is four divided by eight?

These are two of the sample questions in the new mental arithmetic tests for 14-year-olds that I tested to answer yesterday. Overall, I scored only half marks.

What is the explanation? Is it that my primary education in the Fifties has failed me? I am not sure. If so, that must represent a vote of no confidence in the traditional methods used in those days and cast doubt on the tests themselves: they are meant to represent a return to the good old days.

Is it that I am female? (Male colleagues from other newspapers did considerably better in the test set for us by the School Curriculum and Assessment Authority.) Perhaps the sexist thought is it my great age (47). The whippersnappers came top and I don't know, I never knew, what a prime number is. But others of around my age were close on their heels.

Perhaps it is simply that I cannot see why I should ever find it necessary to write seven divided by 25 as a decimal. I hope teachers will manage to convince a new generation of 14-year-olds otherwise.

Judith Judd

## CBI calls for education funds revamp

Lucy Ward  
Education Correspondent

Business leaders yesterday called for a radical rethink of education funding amid concerns that the present system does not give value for money.

The Confederation of British Industry weighed into the pre-election debate over the best use of existing funds in education with claims that cash could be saved through better use of teachers and resources and more efficient management.

Despite spending £36bn annually on education, the United Kingdom was still far from achieving government targets for 2000 on education and training which had already been outstripped by some of its international competitors, the CBI said.

In a consultation paper, *Does It Add Up?*, the confederation sets out proposals for reform of education funding. It calls for a debate over how greater value for money could be achieved, and whether the savings, and any extra funding, should be pumped into education.

The paper suggests efficiency could be improved by introducing an element of payment by results in schools and universities.

In schools, the payment could be based on the educational "value added" rather than exam results, ensuring schools in poorer areas were not penalised compared with those in middle-class areas.

Further education and sixth-form colleges already receive some funding according to students' success in achieving qualifications, and the Department for Education and Employment plans to extend that to school sixth-forms.

Schools doing particularly poorly should be able to bid for extra cash, the paper suggests. To win the money, they would have to show how more resources would be used to increase attainment, and would have to undergo an inspection by the schools watchdog Ofsted.

In higher education, the CBI proposes that would-be stu-

dents should be given a learning credit for tuition fees to bring with them to the university offering them a place.

Universities would be able to charge top-up fees above the value of the credit, but, according to the paper, the need to attract students would encourage them to keep charges down.

The paper, which is being sent to politicians, local authorities, teaching unions and other interest groups, also asks for views on the option of investing more on primary and nursery education in order to save money spent later on helping struggling learners.

Jonny Webb, CBI director of education and training, denied the document amounted to a criticism of the Government's management of the education system. "In terms of performance, we are doing a lot better, but we have still got a long way to go," he said.

"As things stand we are not achieving the full value for money we could achieve. As a consequence, we are not going to be as close to hitting the targets as we could be."

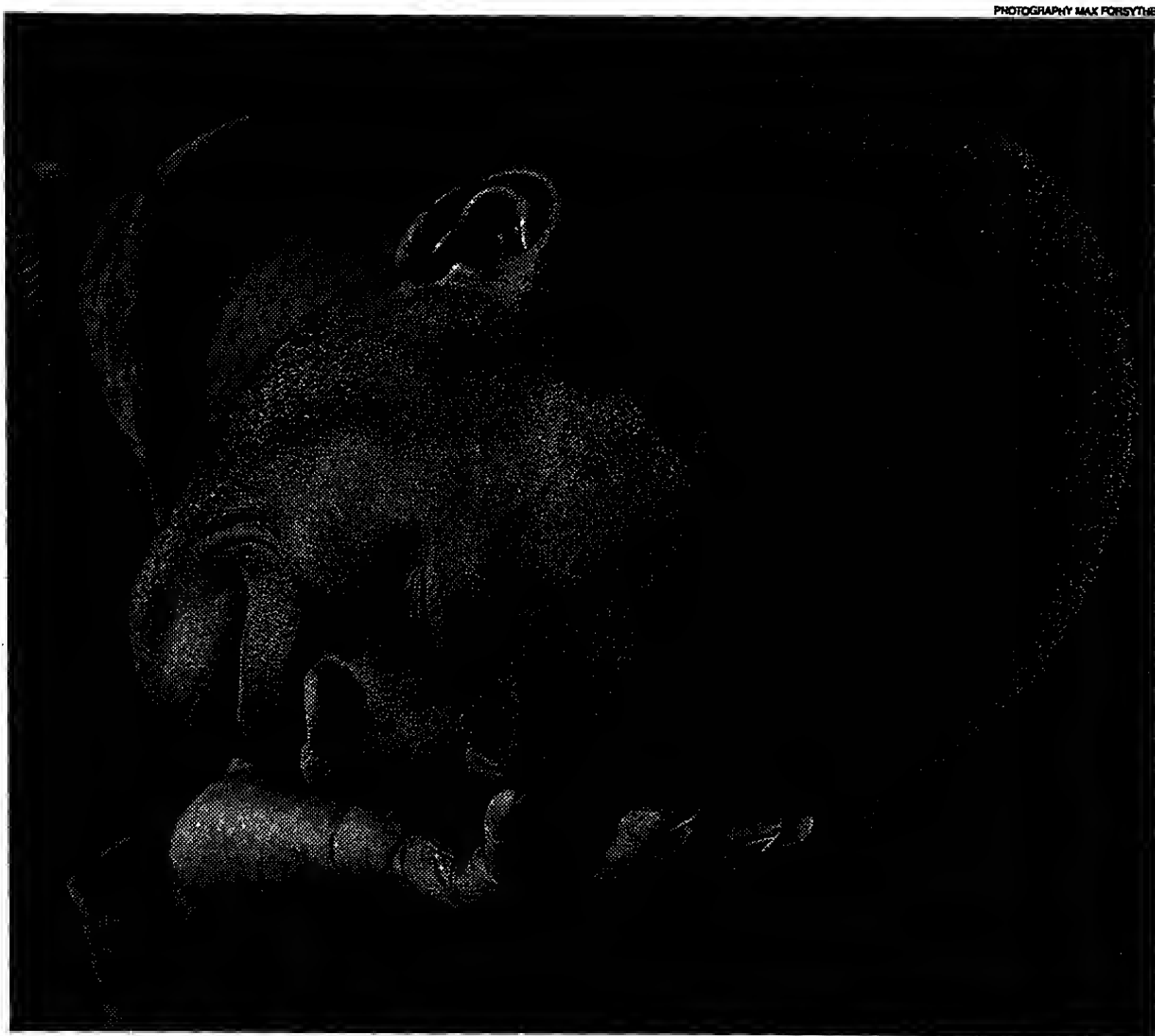
The Government went on the attack yesterday after a Labour education spokesman questioned the charitable status of "wealthy" public schools, such as Eton, Harrow and Rugby, writes Colin Brown.

The remarks, by Peter Kilfoyle, came as ministers announced Government support for an extra 1,200 assisted places, of which half will go to 118 preparatory schools from September this year.

Labour is committed to abolishing assisted places, which is costing the taxpayer about £200m a year to send about 34,000 children to private schools. But Labour denied that it had any plan to abolish the schools' charitable status.

Armed with Mr Kilfoyle's article, the Secretary of State for Education, Gillian Shephard, accused Labour of threatening the existence of the independent schools by taking away their charitable status.

Education+, The Tabloid



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## DAILY POEM

### In the City of What Once Was

By Liliana Ursu (translated by the author with Adam J Sorkin and Tess Gallagher)

In the city of what once was, my brother tamed Sundays, and when he no longer could, when he no longer could, he'd gouge the shadows from the walls with the quicks of his nails.

In the city of what once was, I repaired clocks, and high in the tower I set the heavy iron hand to the fragile hours.

You would pick wild strawberries from the lip of the abyss.

A word, and we came crashing down.

The Romanian poet Liliana Ursu, born in Sibiu in Transylvania, published her first volume in 1977. She gave readings and worked in the US after Ceausescu's fall, but still lives in Bucharest, where she hosts a weekly literary programme on Romanian radio. "In the City of What Once Was" comes from her selected poems. *The Sky Behind the Forest*, just published by Bloodaxe (£7.95).

هكذا من الأناصل



Xinjiang attacks raise security fears in Peking, as Hong Kong receives fleeting visit from another minister

# Bombs expose unrest in Muslim China

Teresa Poole  
and Reuters  
Peking

Indiscriminate bombings in the capital of China's far western Muslim Xinjiang province just hours after Deng Xiaoping's memorial ceremony have exposed the gaps in the country's powerful security apparatus. Officials confirmed yesterday that three bombs placed on public buses in the provincial capital of Urumqi on Tuesday had killed at least four people and injured 60. The bombs were assumed to be the work of separatist forces who want an independent Muslim state.

The timing of the blasts, following the senior communist party leadership's final farewell to Mr Deng in the Great Hall of the People, suggests that the public security bureau's intelligence and preventive capability in Xinjiang is badly stretched. Policing in Xinjiang had already been stepped up after anti-Chinese riots in early February in Yining city, across the border from Kazakhstan, in which at least 10 people, possibly many more, were killed and more than 100 injured when Chinese soldiers opened



fire on demonstrators. Yesterday, a heavy police presence was reported on the streets of Urumqi, checking bags and packages. "People are full of fear, and the city is on high alert," said a local television station official. Tuesday's bombs were placed on commuter buses in Urumqi, the provincial headquarters for the Han Chinese government which administers Xinjiang and its ethnic Muslim Uighur population. A

fourth bomb was identified before it detonated. Xinjiang's vast territory accounts for one-sixth of China's total land mass but is home to just 16 million inhabitants. Resistance to Peking rule goes back a long time. An independent East Turkistan was declared in Yining in 1944 and lasted until 1949 when the leadership was killed when their airplane crashed mysteriously on its return from a meeting with Mao

Tse-tung in Peking. Ethnic unrest in Xinjiang has since been a running sore for the Peking government. Over the past year, terrorist activity by Muslim separatists has stepped up, repeatedly challenging Peking's claim to have control of its westernmost province. Western analysts believe that the terrorists represent a minority of public opinion; Chinese rule in Xinjiang is not under threat but the bombing of civilian targets poses a serious public order problem for Peking.

Since 1949, the Chinese government has sought to strengthen its hold on the region by encouraging a high influx of Han Chinese. These days some 38 per cent of the province's population is Han Chinese compared with 47 per cent Muslim Uighur. This has only inflamed nationalist feeling, and Uighurs complain that Xinjiang has been exploited for its large oil reserves without benefiting the local people.

Peking, seeing the emergence of the newly-independent Muslim central Soviet republics, is terrified of cross-border links with Uighur nationalists in the newly independent former Soviet Central Asia republics. This may account for the crackdown on alleged separatist activity over the past year.

Last April, it was reported that 1,700 suspected "terrorists, separatists and criminals" had been arrested in Xinjiang as part of an anti-crime crackdown. The situation was difficult to verify, given the Chinese authorities' habit of labelling any criminals in ethnically volatile areas as "splittists". In May, in Kuqa town, nine alleged Muslim separatists were killed in a shootout with police, and accused of "bombings, murders and other violent terrorist activities". Meanwhile, a number of pro-Peking religious and government Uighur figures were reported murdered.

Reliable information about Xinjiang is difficult to obtain because foreigners' access is restricted. Xinjiang is sensitive because it is the site of China's former nuclear test site and has many forced labour camps.



By the right: Soldiers of the Black Watch at the Prince of Wales barracks in Hong Kong yesterday after a visit by Michael Portillo, Secretary of State for Defence. Photograph: AFP

## Portillo overlooks great and good on flying trip

Stephen Vines  
Hong Kong

Apparently, Michael Portillo, the Secretary of State for Defence, visited Hong Kong yesterday. Apparently, that is, because hardly anyone in the colony knew he was here.

Even by the increasingly undemanding standards of British ministerial visits to the colony, Mr Portillo managed to set new lows. He stayed in Hong Kong for less than 10 hours, managed not to meet a single Hong Kong Chinese person of any status and confined his inner thoughts solely to a small group of reporters who had been flown out from London by the Ministry of Defence to accompany the secretary of state.

Like the visits of other British political figures, Mr Portillo's was curtailed by the need for his vote in the House of Commons. Two weeks ago, foreign secretary Malcolm Rifkind was forced to dash back to attend the BSE debate but at least he stayed long enough to find out about what was happening during the twilight of British rule.

Mr Portillo was too busy for this as he had to make time for two photo opportunities. First, a quick inspection of the newly arrived Black Watch and then a spin in a fast pursuit craft manned by the British navy.

How little he learned was apparent at a stand-up news conference at the airport where he said that good progress was being made in Sino-British negotiations on the advanced stationing of People's Liberation Army troops in the colony before the handover of power.

China is very angry about Britain's reluctance to allow in significant numbers of troops and keeps saying so to anyone prepared to listen. However, Mr Portillo did not seem to be concerned with what must appear to be minutiae when compared with pressing matters such as the next election and possible changes to the leadership of the Conservative Party.

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## British concern over PNG dogs of war

Robert Maitlen  
Sydney

Britain has joined Australia in expressing its concerns to the Papua New Guinea government over its hiring of a London-based mercenary company in its war against secessionists on the tropical island of Bougainville.

This follows a meeting called by Alexander Downer, the Australian foreign minister, involving the high commissioners of Britain, New Zealand and the United States *enclaves d'affaires* during his visit last week to Port Moresby, the PNG capital.

In his talks with Sir Julius Chan, PNG's prime minister, Mr Downer expressed Australia's strong opposition over the mercenary deal. He then briefed the British, New Zealand and American diplomatic representatives, and urged them to make their governments' concerns known to the Port Moresby government.

Mr Downer told parliament in Canberra yesterday that Australia had asked Britain, New Zealand and America "to raise these very same issues" with PNG. Jim Bolger, the New Zealand prime minister, wrote to Sir Julius on Monday expressing his concern.

The Australian government has asked Britain to use what influence it can to persuade Sir Julius to sever his government's involvement with Sandline International, a company registered in the Bahamas with offices in King's Road, Chelsea, and Washington DC.

In the wake of a furore that has erupted over disclosures that PNG has turned to Sandline to help its armed forces to "capture or kill" the Bougainville rebel leaders, Sir Julius admitted on Tuesday that 40 foreign soldiers had arrived in PNG. He described them as "foreign military advisers" and said that 30 of the men would train PNG soldiers while the other 10 would be "back-room advisers."



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## international

# Red Army arrests bring Japan's media army to Beirut, then the trail goes cold

Robert Fisk  
Beirut

First the actors: five ageing members of the Japanese Red Army, an equally pensioned-off Hizbollah leader, a Japanese government security unit, the Lebanese foreign and interior ministers, up to 100 Japanese journalists, a female Lebanese acupuncturist and a large number of mysterious plain-clothes security agents. The scene: Beirut. The play: a farce in three acts.

Act One, dear reader, seems the most sensible. In the early hours of 15 February, security agents arrest four Japanese

men, a Japanese woman and a Lebanese woman. The *Independent* can confirm that one of the Japanese was taken from his third-floor home in the Rajah Saab building in the Mazraa district by men claiming to work for Lebanese "state security police" at three in the morning. Plain-clothes cops – if that is what they were – surrounded the apartment block, forcing the co-charge to let them in and then departing with the Japanese man, possibly a Japanese woman as well, and a truck load of "machines" (to quote one eyewitness) which may or may not have been printing-presses to forge visas and passports.

Elsewhere in Beirut, two more Japanese are seen being arrested. So is one in the Bekaa, and – at a different location in the valley – Omaya Aboud, the 35-year old acupuncturist. She is taken to Zahle, where her family sees her in a prison cell, and then she disappears. So too do the five Japanese. But two days later – on 17 February – the Japanese prime minister, Ryutaro Hashimoto, announces that the Lebanese have arrested up to six members of the Japanese Red Army, the radical, pro-Palestinian – and very vicious – movement which claimed responsibility for a series of attacks and hijackings in



Israelis clean up the blood-spattered terminal at Lod airport, Tel Aviv, after the 1972 gun attack by the Red Army which killed 20 pilgrims. Photographs: AP

Europe, the Middle East and Asia in the 1970s. Its cruellest assault was at Tel Aviv airport where in 1972 a Red Army squad, including a man called Kozo Okamoto, machine-

gunned to death 20 pilgrims and wounded another 100 civilians. Within hours of Mr Hashimoto's revelation – and Japan's instructions to its embassies to bolt all doors for fear of revenge

attacks – Lebanese officials let it be known that they had indeed arrested five Red Army members, including the now 49-year-old Okamoto. Out of Tokyo files a Japanese security

team, en route to Beirut with instructions to arrange the extradition of the wanted Red Army members. Also arriving in Beirut are up to 100 Japanese reporters and camera crews. The Lebanese foreign minister, Fariz Boukiz, says the Japanese are being "interrogated". And who knows, maybe the long-hoped-for Japanese investment in Lebanon's post-war reconstruction will be forthcoming at last. End of Act One.

Act Two opens with a Lebanese journalist observing that "there are more Japanese here than participated in the attack on Pearl Harbour", a remark which made up in passion what it lacked in accuracy. More than 180 Japanese pilots took part in the attack on the United States naval base, 29 of whom failed to return to their six aircraft carriers. But Admiral Yamamoto, probably spent less money bringing America into the Second World War than the Japanese press are coughing up in Lebanon for their fleets of hire cars, mobile phones and armies of interpreters.

The *journalistes nippons* – as the French-language press here delicately puts it – have been touring the villages of the Bekaa Valley searching for another 40 alleged Red Army members whom the Israelis claim live there. An odd lead, perhaps, since the Israelis – incredibly – themselves released Okamoto in a 1983 prisoner exchange.

Lebanese village women have been seen giving the Hitler salute to the cruising Japanese scribbles and cheerfully shouting "jash ahmar" – "Red Army" – at the stunned journalists. And in the Beirut law courts, berobed barristers have been astonished to see batteries of equally earnest Japanese reporters shouting "mush-mush" into their mobile phones. In Japanese, *mush-mush* means hallo. In Arabic, it means apricot. Why on earth were the Japanese ordering fruit from Tokyo over the telephone? At the Lebanese foreign ministry, the exasperated Japanese ambassador, Yasuji Ishikawa, was told that the Lebanese knew nothing of the Japanese detainees – who are also supposed to include Mariko Yamamoto, Kazuo Tohira, Masao Adachi and Hisashi Matsuda – even though minister Boukiz had earlier said they were being interrogated.

Act Three is dire indeed. Rumours – of varying degrees of sanity – wash through the Lebanese press corps. Syria ordered the arrests because it believed the Red Army had bombed a civilian bus in Damascus at Christmas – a crime for which Israel and Turkey have

also been blamed. Or Syria knew nothing – a likely tale indeed – but is angry that it was not informed of the arrests nor of the gratitude that might be earned from the Japanese. Or that Syria wanted to get taken off the US list of states that "support terrorism" by picking up the Red Army bad guys. Or that a lone member of the Lebanese state security police had ordered the arrests without telling the interior minister Michel Murr, who now claims he knows absolutely nothing about any Japanese being held anywhere. Or that prime minister Rafiq Hariri, the overall commander of "state security", was trying to elicit Japanese investment. Or that Father Christmas exists.

In the Bekaa, Sheikh Siyuh Tofaili, a former Hizbollah leader, demands Okamoto's release on the grounds that he was the author of "the heroic at-



Okamoto: in court 25 years ago for the Tel Aviv massacre

tack" at Tel Aviv. In Japan, the Red Army supposedly wants the Lebanese to release its members. But does this threat come from the Red Army, asks the Lebanese press? Or from the Japanese government pretending to be the Red Army? Ms Aboud's family demand to know where acupuncturist Omaya is, insisting that she has nothing to do with the Red Army (which anyway normally carried out acupuncture by riddling people with bullets).

Last night, President Hrawi (father-in-law of Boukiz) was demanding an explanation from the government. Prime minister Hariri, just returned from visiting the Pope, was asking much the same. Lebanese public security director Raymond Raphael, who has sensibly kept his own *sûreté* force out of the whole mess, once said that security organisations were like "a fisherman's net – when you drop it into the ocean, it collects a large variety of fish". But whether in Beirut or Damascus, these particular fish are beginning to smell.

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### significant shorts

#### Zairean rebel hopes peace talks are close

The Zairean rebel leader Laurent Kabila, in South Africa for talks on ending fighting in his country, said he hoped direct negotiations with President Mobutu Sese Seko's government could start soon.

Speaking after meeting South African President Nelson Mandela, Mr Kabila said any chance for a ceasefire depended on setting up talks with Mr Mobutu's government. Asked if a ceasefire was imminent, he answered: "No ceasefire. We are close to the negotiations. We haven't yet discussed it with them."

Honore Ngbanda, nephew and security adviser of President Mobutu, also was in South Africa, where US-led talks on Zaire continued. AP – Johannesburg

#### Stop whining, says Yeltsin

President Boris Yeltsin told his Defence Minister, Igor Rodionov, who has been pushing for more cash for the armed forces, to get down to work on military reform instead of "whining" in public.

"The President of the Russian Federation does not approve of remarks made by the defence minister on 23 February," said a Kremlin statement.

"The president knows how difficult it is now for the people in epaulettes. But whining will not help matters. Concrete actions are needed." Reuters – Moscow

#### Sown in the sands of time

New South Wales state government offered gardeners and investors the chance to buy seedlings from Wollemi Pine trees which existed 150 million years ago, in an attempt to save the species from extinction. Thirty-nine of the trees were found west of Sydney in 1994. Reuters – Sydney



**Israeli settlements:** Har Homa building plan and fatal shooting by soldiers increase West Bank tension

## Jews given swathe of Arab East Jerusalem for homes

Patrick Cockburn  
Jerusalem

Israel yesterday approved the construction of a new Jewish neighbourhood on a tree-covered hill at Har Homa in East Jerusalem in the face of Palestinian and international protests. Benjamin Netanyahu, the Israeli Prime Minister, made strenuous efforts to limit the political repercussions of building 2,456 homes for Jews on land captured by the Israeli army in 1967 by announcing more housing for Palestinians.

In sharp contrast to the abrupt opening of a tunnel beneath the Muslim quarter of the Old City of Jerusalem last year, provoking violence in which 61 Palestinians and 15 Israelis died, the government is eager to downplay the significance of the Har Homa project. "It is a civil project which intends to alleviate the housing shortage," said David Bar-Ilan, the prime minister's head of communications. "It is good for the Jews. It is good for the Arabs."

Other members of the government were more forthright about the motives for building at Har Homa. Avigdor Kahalani, the Minister of Internal Security, said construction would "make unequivocally clear that Jerusalem is the Jewish capital, and we can build within its municipal boundaries". In response to Palestinian protests he said: "We will do all we can to ensure none of us open fire. If someone opens fire, we will respond."

Overnight an Israeli undercover squad posing as Palestinians killed Mohammed Abdel Hazi al-Halawi, 60, the father of 10 children in the vil-

lage of Hizma, north of Jerusalem. Another three villagers were wounded by gunshots when they stood the squad, reportedly under the impression that they were thieves or Israeli settlers. The dead man was shot through the knee and villagers said he bled to death because soldiers stopped his immediate evacuation to hospital. Jibril Rajoub, the head of Palestinian Preventive Security in the West Bank, told Palestinians to stay in their homes to prevent the incident escalating.

Ahmed Tibi, adviser to Yasser Arafat, the Palestinian leader, said: "This is an abominable crime carried out by execution squads, who are acting today as they did at the height of the oppression, as if there were no peace agreements and no political negotiations."

The Israeli civil and security police believe that Mr Arafat has no interest in provoking violence, but may be unable to prevent it. In order to prevent demonstrations the body of Mr Halawi had not been released to his family by late afternoon yesterday.

In order to take the edge off Palestinian anger the government is expected to announce that 3,015 building permits would be issued to Palestinians in Jerusalem to build in the city. The promise will probably have little impact since similar pledges have been made in the past but without result. A poll at the weekend in the daily *Ma'ariv* found that 46 per cent of Israelis favour building at Har Homa, 29 per cent oppose and 25 per cent do not know.

Har Homa, a long hill between Jerusalem and Bethle-



Appeal for peace: Faisal al-Husseini, the PLO top official in Jerusalem, in the Knesset yesterday to urge Benjamin Netanyahu not to go ahead with building nearly 2,500 homes for Jews in Arab East Jerusalem. Photograph: Reuters

hem, was expropriated for the building of a settlement by Israel in 1991. It will complete a line of Jewish settlements in the south of the city and will act as a wedge cutting into centres of

Palestinian population inside and outside the city boundaries. In order to reduce Arab anger Mr Netanyahu spoke by phone with Egyptian President Hosni Mubarak saying, ac-

cording to a spokesman, that Israel "intends to build about 2,000 housing units for Jews in the Har Homa neighbourhood on land which is largely private and under Jewish ownership".

Mr Netanyahu has also implied that the next stage of Israeli withdrawal from the West Bank will depend on a peaceful Palestinian acceptance of the Har Homa project.

Patrick Cockburn

Some 120,000 Palestinians from Jerusalem, two-thirds of those with the right to live there, fear they may lose their identity cards as the result of a campaign by the Israeli Interior Ministry which will change the balance between Israelis and Palestinians in the city.

The apparent aim of the new policy, introduced over a year ago, but implemented more forcefully since Benjamin Netanyahu became prime minister, is to increase the Jewish proportion of the population before negotiations start about the final status of Jerusalem. Palestinians in the city express more worry over their now uncertain residency rights than over construction of a new Jewish neighbourhood at Har Homa.

Palestinians taking courses abroad say they are frightened of continuing their studies in case they should lose their right to return to Jerusalem. A 24-year-old student working in Britain, who - like others whose residency is in doubt - did not want to be named, said: "I am staying at home near the Jaffa Gate in the Old City [of Jerusalem] because I don't know if I can get back in if I leave. They told me I'd only find out what visa I had when I got to the airport. Two of my sisters, who are married in Saudi Arabia, will also stay until they know if they can return here."

Yael Stein of the Israeli human rights group B'Tselem says that the Interior Ministry has introduced a new policy by using an old law designed for other purposes. She says: "It is very unfair. A Palestinian living in a suburb of Jerusalem, like E-Ram, ten minutes from the city centre, will be treated just like an American or a Briton, once resident of the city, who has moved back to their own country."

About 70,000 Palestinians with blue Jerusalem identity cards technically live on the West Bank as defined by Israel, according to Ms Stein. B'Tselem says Israel has expropriated one-

third of the land in East Jerusalem since capturing it in 1967 and built 30,000 homes on it for Jews but none for Palestinians, many of whom have moved to suburbs outside the city boundaries. A further 50,000 Palestinians from Jerusalem are estimated to be working or studying in the Arab world, Europe or the United States.

Eli Suissa, the Interior Minister, a member of the religious party Shas, told the Knesset that only 140 Palestinian identity cards have been confiscated, but Ms Stein says this may be an underestimate and the ministry has refused to issue full figures. A statement by the Interior Ministry yesterday says that for Palestinians "permanent residence is a matter of 'presence'". Therefore, when a person uproots the centre of his life from Israel, and establishes it elsewhere, in reality the centre of his life is no longer in Israel.

In practice this means that a Palestinian born in Jerusalem and living within sight of its shrines may find that "the centre of his life" is no longer in the city and he can no longer enter it. Many Palestinians are outside the municipal boundaries, says Meron Benvenisti, former deputy mayor and author of *City of Stone: The Hidden History of Jerusalem*, because in 1967 Israel annexed land from 28 Palestinian villages "leaving the populated area of the village outside [the city], but stripping it of its agricultural land and/or potential building sites".

There are estimated to be 170,000 Palestinians resident in Jerusalem out of a total population of 600,000, and the new policy could reduce this total to a rump of 50,000. Probably the government does not plan such a radical cut. But by putting the status of 120,000 Palestinians in doubt the government is making it difficult for them to lead a normal life and encouraging them to live elsewhere. Fearful of losing their identity cards Palestinians in the city have become nervous of contact with the authorities and sometimes do not even register new-born children.

## France draws back on Nato

John Lichfield  
Paris

France may soon scrap its attempt to rejoin the military structures of Nato, according to senior officials in Paris.

America's refusal to accept reforms requested by France makes it likely that the *rapprochement*, begun by President Chirac 14 months ago, will be abandoned at, or before, the Nato summit in July.

This is not yet a *fait accompli*. Conversations with Washington are continuing. But the officials say the French government feels it has reached a dead end and is quite prepared to declare its initiative over. The final decision will rest with President Chirac, who might find it domestically convenient

to be seen to stand up to the US.

Such a reversal would have profound implications for the creation of a more effective European defence identity within Nato, and closer links between Nato and the European Union. For this reason, diplomatic sources in Paris are unwilling to accept that the game is up completely. They feel that President Chirac would be reluctant to abandon the progress already made towards European defence co-operation within the alliance.

French officials pointed out, however, that President Chirac had stated from the beginning that Paris would only rejoin the Nato military command under certain conditions. It was now evident, they said, that "Nato fundamentalists" in the Clinton

administration had blocked the changes requested by France - in particular the request that the Mediterranean command should go to a European. Suggestions of a compromise - that a European general or admiral might be considered in principle - had also been rebuffed.

"In these circumstances, there can be no question of us agreeing to rejoin the military structures at the Madrid summit in July," one senior official said. "But we want this to be an amicable break. We have no intention of taking hostage other issues, such as the discussions on Nato enlargement [to the east]."

Although France remains a political member of the Western alliance, President de Gaulle withdrew from the joint

command structure in 1966, complaining of excessive American control. President Chirac announced in December 1995 that France would consider rejoining, as part of a strategic reappraisal of the country's security policy and armed forces. Instead of attempting to build a separate European military structure outside Nato, Paris hoped to build a more operationally independent European identity within the alliance.

US officials and newspapers have speculated that President Chirac is, in any case, getting cold feet about a return to Nato. With France already committed to abolishing the frame in favour of the euro, Nato reintegration might provide one too many hostages to nationalist opinion, they suggest.

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## international

# Was Clinton wrong to offer donors coffee and overnight stays at the White House?



Bed fellows: Abraham Lincoln (left), whose ghost reputedly haunts the White House, used the room now known as the Lincoln Bedroom as his office and Cabinet room. Bess Truman later made it a bedroom, where luminaries such as (clockwise, from top left) Jane Fonda, Ted Turner, Barbra Streisand and Stephen Spielberg have stayed, courtesy of Bill Clinton



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## President set to publish internal papers amid public furore over funds

Rupert Cornwell  
Washington

Money, it has been famously remarked, is the mother's milk of American politics. However, as the deepening furore over Presidential coffee sessions and White House overnights for major Democratic donors show, one of Mr Clinton's preferred means of raising it may be less nourishment than poison for the system.

The publication this week by the White House of hundreds of internal documents was intended as a pre-emptive strike to head off even more damaging leaking by Congressional Republicans preparing for full scale hearings on allegedly abusive political fundraising by the Democratic National Committee. However, the net effect has been to intensify the controversy, and to strengthen the likelihood that Janet Reno, the Attorney General, will be forced to appoint an independent counsel to investigate the entire practice.

Whether Mr Clinton has done anything wrong is doubtful. Whether he did anything which Republican Presidents Bush or Reagan did not do is equally doubtful. Beyond argument, though, no White House incumbent has ever thrown himself with such zeal into the fundraising business as Bill Clinton.

In a handwritten memo from January 1995, he endorsed rewards like coffee sessions, golf games, lunches and dinners for major contributors, before adding: "Ready to start overnights right away... Give me the top 10 list [of donors] back, along w/ the \$100,000." In other words, the list of those giving \$100,000 and \$50,000 to the Democratic party.

In one sense, the very timing of the memo explains everything. Two months before, the Democrats had lost control of Congress and Mr Clinton's prospects of a second term seemed abysmal. Desperate, he turned to his former political strategist, Dick Morris, who urged an immediate start on "generic" advertising to prepare for the

1996 election. This campaign, more expensive and starting sooner in the electoral cycle than for any sitting president in history, cost \$1m (£600,000) a week, later rising to \$2m, according to Mr Morris. Mr Clinton is said to have personally visited every spot. The total cost of the TV ads in 1995 and 1996 was \$85m, far beyond the normal resources of the DNC.

As President, Mr Clinton has the right to invite whomsoever he likes to sleep in the White House private quarters, and the actual list contains few real surprises. Of the 938 invited, 370 were "Arkansas friends", a further 266 were "long-time friends and supporters", and 128 were officials and dignitaries, including John Major.

Among Hollywood luminaries on the list are Stephen Spielberg, Barbra Streisand, Jane Fonda, Tom Hanks, Candice Bergen and Richard Dreyfuss. Fonda's husband, CNN tycoon Ted Turner, is there, as is John Kluge, the fourth richest man in America, and the California diet guru Dean Ornish, who has advised the Clintons on diet and lifestyle.

Nor is there anything wrong, *per se*, in lavishing favours on major donors. The *New York Times* calculated yesterday that the 938 between them had contributed \$10.2m.

The crucial question, upon which the appointment of a special counsel will hinge, is whether invitations were issued or "sold" in return for a previously agreed donation - which would be illegal - or merely extended as a means of saying thanks, and keeping in touch with old friends. Mr Clinton insists on the latter. "The Lincoln Bedroom was never sold," he said defiantly this week.

But after months of revelations, ranging from Vice President Al Gore's participation in an April 1996 fundraiser at a Buddhist Temple, to guests with criminal connections at White House coffee sessions, and \$1.5m of dubious contributions from Asian sources which the Democratic party has been forced to return, public credulity may be close to snapping.

## Murder raises spectre of past

Phil Davison  
Latin America Correspondent

Pepita the gunslinger is in jail but insists she didn't do it. The police themselves are being investigated over it. But most Argentines believe "the political powers" were behind it.

A month after the grisly murder of top news photographer José Luis Cabezas, Argentines are clamouring for justice. The charred, handcuffed and shot body of Cabezas, a 35-year-old father of three known for his anti-corruption photo reportages, was found dead in his car on 25 January in the beach resort of Pinamar.

Police think he was doused in petrol and burnt alive before the killers delivered a *coup de grâce* with a pistol to his head. It was seen as the most significant killing of a journalist since the "Dirty War" of the Seventies.

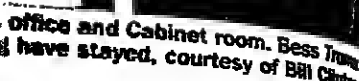
Chanting "Justice! Justice!", thousands of journalists, trade unionists, politicians and others held a protest rally in Buenos Aires on Tuesday outside the offices of the weekly investigative news magazine *Noticias*, where

Cabezas worked. Some held signs saying "No to impunity" and said they feared the murder had "evoked ghosts from the past" - when left-wing students, workers and journalists "disappeared" after visits from military-backed death squads.

Cabezas had riled many politicians and businessmen with his reportages on corruption and had just attended a late-night party at the villa of leading businessman, Oscar Andreani, when he was killed. Mr Andreani and another postal services magnate, Alfredo Ybarán - both friends of President Carlos Menem - have been publicly accused of running a "mafia" in the lucrative customs and postal services.

Police detained five people earlier this month, including "Pepita la pistolera" (Pepita the gunslinger), a convicted killer and drugs dealer, after a would-be former gang member said he had heard them planning the crime. Police claimed a pistol found in the home of one of the five was the murder weapon but most Argentines agree that Pepita is a scapegoat.





1996 election. This campaign expense and salary waiver in the electoral college is more than for any sitting president. His salary was \$175,000 a year, but he was paid \$1 million a week. Later, losing to Clinton, he was paid \$2 million. Clinton is said to have personally vetted every spot. The cost of the TV ads in 1992 was \$850,000, far beyond the normal resources of the RNC.

As President, Mr. Clinton

[illegible]

The annual question of what the appropriate size and content of the magazine's production was, and whether it was for a general or a specialist audience, was a constant theme. The first production was a 16-page, 100,000-copy, 10-cent magazine, with a circulation of 100,000. The first production was a 16-page, 100,000-copy, 10-cent magazine, with a circulation of 100,000.

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ARE YOU

PAUL MITCHELL  
EVERY HAIR CARED

**THE INDEPENDENT**  
IT IS. ARE YOU?



## obituaries / gazette

## David D. Murison

Uniquely among speech-forms descended from Old English, other than standard literary English itself, Scots exists in a huge corpus of written texts from all periods since the 14th century, and has a continuous literary history which includes many writers of stature and importance. Fittingly therefore, it is the only form of English (using that word comprehensively in its linguistic, not its political, sense) to have devoted to it two multi-volume dictionaries (one complete, the other almost so) conforming to the highest international standards of lexicography.

The *Scottish National Dictionary* (SND), which records the language from 1700 to the present century, is in 10 volumes and contains nearly 70,000 entries. In origin it is one of what was conceived, after the completion of the first edition of the *Oxford English Dictionary*, as a series of supplementary dictionaries treating regional or historical varieties of English in

more detail than the main dictionary could permit. It is not only the first completed, but by far the largest of the regional dictionaries, exceeded in scale only by the *Middle English Dictionary* and its Scottish companion the *Dictionary of the Older Scots Tongue*. It is no denigration of the many researchers who have contributed over decades to this monumental work to claim that it is above all the achievement of one man: David D. Murison, its editor from 1946 till its completion in 1976.

Murison's education, at Aberdeen and Cambridge, was in the fields of Classics and of Celtic and Old English philology. This, combined with a native speaker's knowledge of the north-eastern dialect, which is still one of the richest and best preserved of Scots dialects, equipped him supremely well as a Scots lexicographer, and his linguistic erudition illuminates all his work. From his first academic post, that of assistant to

the Professor of Greek at Aberdeen University, he transferred in 1946 to deputy editorship of the *Scottish National Dictionary*, and shortly afterwards succeeded to the editorship on the death of William Grant, who had guided the project through the preliminary research and publication of the letters A to C.

In view of the small scale of the dictionary's research team, and the chronic and sometimes critical financial stringency under which they operated, Murison's achievement in leading the project through 30 years of unflinching effort can only be described as heroic. The SND itself became a grander work under his direction: physically the first two volumes are much thinner than the last eight, and the supplement with which the dictionary ends is a comprehensive rewriting for the earlier letters. Entries in the SND include detailed definitions with carefully chosen illustrative quotations for each sense of a

word, etymological information and notes on pronunciation, grammar and usage; and every entry was personally overseen by Murison.

A native of Fraserburgh, Murison returned to make his home there on his retirement in 1979. Accompanying him on a walk through that pleasant but - at first sight - not especially distinguished fishing port was a memorable experience: Murison could illuminate every street, almost every building, with an interesting story from his past. Neither retirement nor - later - declining health impaired his enthusiasm for Scotland and its language: articles and monographs on many aspects of the Scots tongue, Scottish literature and Scottish folk culture, and on the history of Fraserburgh, continued to appear under his name.

The last section of the *Scottish National Dictionary* is a supplement of addenda and corrigenda, introduced by Murison with a brief note stating that

a full revision of the dictionary "must be left to another generation of Scottish philologists, if such there should be". His doubts have proved unfounded. Scots linguistic study is now a well-established academic discipline and Murison's influence in this is immeasurable.

The sheer scale, as well as the quality, of his published output makes it one of the foundations on which all subsequent work in Scots philology must rest. Almost equally important, the inspirational quality of the man himself - genial, humorous, fascinatingly erudite, unfailingly kind and patient - gave encouragement to many students and younger colleagues. And it is certain that the growing interest in the Scots language in primary and secondary, as well as tertiary, education, of which Murison would have wholeheartedly approved, is at least in part a result of the academic respectability of the language which he contributed enormously to re-establishing.



Murison: portrait. Photograph: Aberdeen Press and Journal

Murison was the most self-effacing of men: he refused all academic honours, his Festschrift was presented to him informally at his home, even his funeral was quiet and private. But his legacy to Scotland is one which few men of our time can match.

J. Derrick McClure

David Donald Murison, lexicographer, born Fraserburgh, Aberdeenshire 28 April 1913; Editor, *Scottish National Dictionary* 1946-76; married; died Fraserburgh 17 February 1997.

## Andrei Sinyavsky

After Alexander Solzhenitsyn, Andrei Sinyavsky was the most famous Soviet dissident. His 1966 trial in Moscow for "anti-Soviet" satirical stories became sensational. He was sentenced to seven years' hard labour; the occasion marked the beginning of the modern dissident movement in the Soviet Union.

He was born in 1925 in Moscow, son of a party official who was arrested in Stalin's purge in 1951. He served as a soldier in the Second World War, survived, and graduated from Moscow University in 1949, a year marked by a new wave of arrests, and strict censorship in arts and literature. For a while he worked at his own university until he moved to the Gorky Institute of World Literature, an arm of the Soviet literary establishment.

It was from this dark background that he started writing - in tune with the official line - articles and essays on Akhmatova, Babel, Gorky and Pasternak. Three years after Stalin's death in 1953, during Khrushchev's so-called "thaw", when there was a hope for liberalisation, his article "What is the Socialist Realism?" appeared: written in defiance of censorship, it created a sensation in Moscow literary circles and with the reading public. This encouraged Sinyavsky and his friend Yuli Daniel (three weeks his junior) both to write books and short stories which they sent to France through a woman who worked at the French Embassy in Moscow.

From 1959 on, even before Solzhenitsyn appeared in print, for a few years both the Russian and Western literary worlds were mystified by the sharply satirical, anti-Stalinist *Fantazicheskiy Mir Abram Terts* ("The Fantastic World of Abram Tertz"), followed by *Sud Ista* ("The Trial is On"), where he described Stalinist methods of persecuting people, according to the saying of Lenin that the aim justifies the means; and *Liubimov*. The books appeared under the pseudonyms Abram Tertz (Andrei Sinyavsky) and Nikolai Arzhak (Yuli Daniel). Eventually the KGB in Paris, who dug deep, and everywhere had their own people, discovered who the authors were.

Exposed, they were arrested on 8 September 1965 and seven after put on trial. Officially they were declared "traitors" who had sold themselves for dollars to the West. But Russian literary circles knew exactly what really happened: that, being a Russian, Sinyavsky took a Jewish pseudonym while Daniel, who was Jewish, took a Russian pseudonym, and this pair - "agents of international Zionism", as they were called - challenged the whole Soviet system.

The trial attracted world attention. It recalled the 1930s show trials. The speeches of establishment writers on the prosecution's side were broadcast through loudspeakers on the streets of Moscow, but never those from the defence. The lonely voices of Lydia Chukovskaya, Alexander Ginzburg (who published *Belaya Kraviz* in samizdat), and Konstantin Paustovsky drowned in the choir of attacks in the Soviet press. The weekly *Liternaya Gazeta*, which led those loyal to the Soviet government, printed Mikhail Sholokhov (and the like) who demanded nothing less than execution of the writers. Sinyavsky was sentenced to seven years' hard labour in a camp (Daniel five) amidst protests from prominent literary figures, leaving intellectuals and even from fellow Communists in the West. It was all well documented by the world press.

In the camp, in Pomor, some 500km from Moscow, Sinyavsky continued to write. His correspondence with his wife was published (in 1973 in London) in a book, *Golos iz khvost* ("A Voice from the Tail"), and later appeared in the main countries of the West. He was released on 8 June 1971. Two years later together with his wife, Maria Rozanova, and his son, he received permission to leave the Soviet Union for France.

There he was appointed to a professorship at the Sorbonne. But in exile his celebrity status quickly lost its lustre. His two major books, *Prozheniya Pushkina* ("Walkings with Pushkin", 1975) and *V Teni Gogolya* ("In the Shadow of Gogol", 1976), were controversial and even received a hostile reception from Russians living abroad.

Feeling the lack of outlets for his views, in the late 1970s Sinyavsky, with his wife (always the driving force behind him), founded and published, from his own small publishing firm, a literary magazine, *Sintaksis*, in which he published articles by himself and his fellow writers. He returned to Moscow under Gorbachev's perestroika in 1988, when his friend Yuli Daniel died.

Sinyavsky lived in a suburb of Paris from which he always managed to remain in the centre of Russian dissident literary life.

Jeane Vronskaya

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## Kenny Graham

When asked if football was a matter of life and death for him, Bill Shankly famously growled: "It's much more important than that." Kenny Graham felt the same way about jazz music and he seems, at the time of the lonely death he chose for himself, to judge from the compact disc found with him, to have been listening to it to the end.

He was a man of uncompromised integrity in both his musical and personal life and hated insincerity and crassness. In 1954 when the singer Billie Holiday visited Britain she sang informally to a handful of people at the Downbeat Club. While she was singing someone less sensitive than most of the audience decided to use the telephone by the bandstand. Graham had to be physically restrained from assaulting him.

Fired throughout his life by the music of Duke Ellington, Graham became the most original and effective of British composers, and in 1960 was paid a unique tribute when he was commissioned to write a collection of compositions for the musicians from Ellington's band. These were then recorded by the saxophonists Harry Carney and Paul Gonsky, the trumpeter Ray Nance and Duke's drummer Sam Woodyard amongst others. Graham also wrote outstanding compositions for the Ted Heath Orchestra and Humphrey Lyttelton.

The writer and musician Steve Race wrote of Graham in 1953: "Kenny is the nearest thing we have to a real composer... in embryo perhaps a great one. If only he, too, will remember that fact he may well mark an international mark on jazz before very long."

In an unlikely beginning Graham was taught from the age of



Graham: 'the nearest thing we have to a real composer'

Photograph: Jazz Journal

six by his father, a keen amateur, to play the banjo. "I could read music before I could read letters," he said. Soon switching to the C Melody sax, his father's second instrument, and then the alto, he had settled on the tenor by the time he became a professional musician in 1940. Drawn early to jazz, he nevertheless worked mainly as a dance-band musician for his first decade. Volunteering for the Army in 1942, Graham hoped to be enrolled in a service band, but the Army had other ideas. So did Graham. He dyed his flaming red hair black and went almost without leave, assuming the name of "Tex Kershaw" and working for the trumpeter Johnny Claes's Capiçcinos. Cornered eventually, he was

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eventually demobbed after four miserable years.

The "name" bands Graham worked in included those of Nat Temple, Nat Gonella, Ambrose, Leslie "Jiver" Hutchinson, Eric Melody sax, his father's second instrument, and then the alto, he had settled on the tenor by the time he became a







interview

# Never mind the clear blue water

It is 'dotty' to choose a policy just because it is different from your opponents. The Tories should act for the nation and not be driven off course, Douglas Hurd tells Donald Macintyre.

**D**ouglas Hurd is baffled. An outraged Sir Yehudi Menuhin is quoted in a newspaper diary as complaining bitterly that a "senior Tory", confidently identified as Hurd, has been rudely referring to the "Germans as if they were present-day enemies". This is supposed to have happened at a ritzy lunch at Menuhin's music school in Gstaad. But it is a case of mistaken identity. The former Foreign Secretary has sent a postcard to the young man - "I presume he's a young man" - who wrote the item. He laughs. "Goud heavens, what would I be doing in such a *gîte*, a 'choice lunch with music teachers in Gstaad'?"

And it hadn't sounded quite right. Hurd is one of the few senior Tories inclined to understand foreigners a little more and condemn them a little less. He is angry about xenophobia in his own party. And especially about the lie that Germany is trying to do through the EU what it failed half a century ago to do by military means. Helmut Kohl's project, whether you agree with it or not, is the opposite: to make, as Kohl himself has frequently put it to Hurd, "Germany European and not Europe German".

Such "very disagreeable" nonsense, he says, "weakens Britain: it means our ability to make legitimate criticisms of Germany" is reduced greatly by this kind of rubbish which of

course is reported back in their own papers. "Our influence in Europe would be much greater if we spoke about France and Germany as they are. They've got problems. They are both larger economies than we are and they're trying to do, albeit rather belatedly, the things we had to do. And it's in our interest that they should succeed."

Hurd himself has "never been a fan of the single currency". But he defends to the hilt - against their strident Eurosceptic Tory critics - the right of businessmen such as Unilever's Niall Fitzgerald to call for British EMU membership. And in a speech to LSE students today he will launch another strike against the party's Europhobes by insisting on the paramount importance to Britain - inward investment included - of the single market.

Hurd is busy. Not West director. Chairman of the liberal Prison Reform Trust from November. Writer (he has just finished another novel). And maker of a BBC television series interviewing international figures. So who most interested him in his time as Foreign Secretary?

"Mitterrand, Delors and Gorbachev were all outstanding people. People of substance who had thought and studied and acted. That's quite compatible with disagreeing with them. Mitterrand had a mixture of courage and guile, in which the guile sometimes predominated."

What about Boris Yeltsin? "Whereas Gorbachev moved by reason from one position to another, Yeltsin doesn't appear to move by reason. He's in one position and he bangs - literally bangs - on the table. And then time passes and talk continues and suddenly he's in another position - with equal emphasis, with no recognition that he's shifted. He's swayed by political instincts which are very shrewd. So he's formidable in Russian terms but quite different."

Which brings us back to Kohl. At one time Margaret Thatcher got on so badly with Kohl that she judged it better if it Hurd dealt with him directly. So he knows him well. Was Kohl's authority in Germany, beleaguered by rising unemployment and doubts about the single currency, now on the brink of terminal decline? "I do feel he's been at this stage before - when he's been written off. He's a man of great resilience. One of the demeaning things about the British debate is the caricaturing and sending up of Helmut Kohl. Everybody who knows anything about Germany knows it's nonsense."

But, says Hurd, Kohl "doesn't see the reefs under the water... the continuing attachment of people to their nation. He doesn't see the rocks below the surface and I think he's getting quite close to them. Pushing for the single currency with such vehemence..."

Margaret Thatcher had views about Germany "which were plain wrong". She had been, Hurd thinks, partly "gulled" by Mitterrand and Gorbachev into opposing German reunification. "She is a genuine searcher after truth... But she started with, and perhaps still has, views about the Germans which were actually mistaken. And he had views about her which were mistaken. So they weren't made for each other."

What were Kohl's mistaken views about Thatcher? "He thought, wrongly, that she hadn't sufficiently studied history."

But had Britain ever really understood the Franco-German vision of the EU keeping the European peace? "She is a plus rather than a minus for Britain 'that these two countries - after all their enmity has done us all a great deal of harm - should now be permanent friends. But that friendship doesn't confer hegemony. It was right to block the appointment of Mr Jean-Luc

Dehaene because it was hatched out of the Franco-German nest. And that was not the right way to choose the President of the European Commission." Hurd says we are closer to France than Germany is on foreign policy and defence, and closer to

Thatcherite. We should be able to make something of that, but not if we keep yab-boosing about it."

Working for Thatcher could be "maddening" because she started discussions "with a statement which might or might not be well-founded". But it

**It's a pity that the five papers Conservatives usually read have all gone sceptic**  
Douglas Hurd

Germany than France is on trade. France, he says, still has "protectionist longings". "So we should have different partners for different dances, but the nature of our debate makes us a wallflower too often. Our economy is clearly in a good state compared to that of the rest of the world. And they know that they're having to do things which once they would have denounced as

worked fine on the whole, he says. She had the "humbling" effect of showing Hurd and others that "it was possible to do those things which I had really despised of". Like dealing with the unions and curbing inflation. And her mind could be changed if you made the effort. She largely left Hurd alone at the Home Office - except to promote her free-market views on broadcasting.

**'France and Germany are doing, belatedly, what we had to do. It is in our interest that they succeed'**



But all prime ministers are active on foreign affairs.

"By the time I became Foreign Secretary she knew everybody, she knew all the issues. She was on top of the job and fascinated by it."

"I suppose Margaret Thatcher came to grief because her style of leadership was out of date. I'm still surprised by what happened in 1990. I had deceived myself. All that adulation. All those fearful ovations at party conferences - I believed in it. It made me cringe but I believed in it. I was very surprised. I suppose the reason was that people had had enough of that style of leadership. John Major had a naturally different style, for which the time had come."

Hurd laments the decline in political culture over the past 20 years - exemplified by the vacuous bear garden of Prime Minister's Questions. He has just been reading Leo Amery's life of Joe Chamberlain, and is struck by how 12,000 people would turn up to meetings in the tariff reform struggle.

"Politicians tore into each other. And people enjoyed that. But they don't any more." Talking to young audiences, he invariably gets asked the "same baffled question: 'why do you behave like that?'"

And it's not much of an excuse to say that the *Daily Mail* or *The Daily Telegraph* tell us that's how to behave."

He is quite preoccupied with the press. "It's a pity that the five papers that Conservatives usually read have all gone sceptic [on Europe]. I wouldn't mind that so much if it was just their leading articles and their commentators. But it's the slanting of factual reporting that's so serious. It's a pity that it is so difficult to get an actual account of what was said and done yesterday in Paris, Bonn or Brussels. In most cities - New York, Washington, Bonn or Paris, you can get that. But it's extremely difficult to get here and that used not to be the case."

He claims the Tories can still win the election. And he dismisses the idea Tony Blair has changed the soul rather than just the image of his party. Blair has "winded" his own party and "one effect of being winded is that you are rendered temporarily speechless". That would all change, he insists, after an election victory.

The best answer to New Labour, he says, is to criticise the "bogusness" of its climb aboard the Tory ship. "I think the dottiest answer is the clear-blue-water answer. You choose

a policy because it's in the nation's, or the party's best interests, your opponents pay you the compliment of climbing aboard, and then the first thing you do is to take to the boats and row off you don't know where just to be distant."

But hang on. Isn't this just what Michael Howard has been doing on crime? Well, crime is one of those issues "not best suited to the ordinary comings and goings of partisan party political warfare". But surely that is just what Howard has been waging? "Bunting Labour at every turn? 'Yes I think he has.' Hurd agrees with a 'lot of things' Howard has done, including the restrictions to the right to silence. But he adds: "I just think we should be a little careful of treating the criminal justice issues as essentially partisan ones which can best be carried forward in an adversarial way."

**H**e was invited to take the Prison Reform Trust post - in succession to Jon Snow - at just the moment that he was taking flak for his moderate criticisms of Howard's Crime Bill. Prison, he says, is certainly about punishment, deterrence and incapacitation. But the incapacitation isn't for ever. If you lock more criminals up, then more, in time, are going to come out and go to the streets. "So the fourth point of prison is rehabilitation."

This is hardly a new idea, though he is surprised how many people think it is. "It won't always work. But there are enough prisoners who are illiterate and innumerate and are on drugs, to make you think that an effort should be made. They've got a better chance of going straight afterwards which is better for them but also better for the public safety."

He is "nervous" about what would happen to either Labour or the Tories in defeat. The Tories have to guard against, first, abandoning their one-nation past, and second, their xenophobic tendency, which "when I started was mainly an anti-immigrant tendency. But some of the same media, some of the same institutions are now turned against the Germans or the French."

And in a last magisterial rebuke to those on the Tory right relishing the prospect of a post-defeat ideological struggle, he says: "I think the idea that parties behave best in opposition, and that you need time to sort yourself out, is a very improbable thesis."

she's the one

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## Everything must go in the Tory party sell-off

**A** very important announcement by the Treasury. We are pleased to announce today that after the general election there will be a total break-up of the Tory party prior to its sale to the public.

For years the Tory party has served the country well as a method of enriching those who have had the sense to join it, and as a method of governing the country when no other method has been available.

Now, however, the whole Tory party is creaking with age and overuse. Severely underfunded and under-maintained, it has been threatening to come to a complete halt in recent years. Corruption and bureaucracy are rife, and large sums of money have gone mysteriously missing. Reports on its decline have been commissioned and studied, but none has been acted upon.

Therefore it is felt to be time that this historic institution was completely overhauled and subject to a new rush of blood to the head.

Accordingly, after the general election the Tory party will be split up and sold off in many different sections.

The range of possible investments is too vast to enumerate here, but as a pointer we would like today to list some of the most attractive units of the Tory party, which will be certain to attract private funds.

1. The Home Office. This magnificent institution has an unparalleled record in building large mansions in remote parts of the country for the locking up of people who may or may not have committed crimes. The present director, Mr Howard, has been applauded for his success by publications as different as *The Sun* and the *News of the World*. A previous employee of Mr Howard's, a Mr Derek Lewis, says: "My experience in Michael Howard's early-release-from-duties programme has taught me a lot about the world. Am I a reformed character? Well, I certainly wouldn't want

to go back in the Prison Service in a hurry!"

2. Jeffrey "Lord" Archer. Do you want a speech by an "Oxford" graduate at a moment's notice? Do you want someone to come to a fund-raising dinner at short notice? Do you want a best-selling novel written by this time tomorrow? Do you want someone to hand over a large sum of money to a prostitute on Victoria station and can't make the gig yourself? Do you want the House of Lords made a laughing stock?



Miles Kington

3. Tory Transport Policy. Never once been used! This magnificent machine would co-ordinate Britain's road and rail into one unit and revive our public transport system! Completely untried and untested! Still under its original wraps! May not even exist!

4. "Dr" Brian Mawhinney. Do you need some trouble sorting out? Got a spot of bother? Are some people being a real nuisance? Do you need a hard man to come round and sort them out? Do you need someone to, metaphorically of course, bang people's heads together and make them see things your way? Look no further! "Dr" Brian Mawhinney has had more experience of this sort of thing than Norman Tebbit.

5. The National Curriculum. Self-contained body of knowledge. Contains all you need to know about the things that the Tory party considers important, for example, publicity, marketing, and always answering a different question if you don't like the one you have been asked.

6. The Douglas Hogg. For a dozen years the Tory party has been conducting genetic experiments to see if they can come up with a politician who never resigns, never admits fault, never understands, never goes to Brussels when asked to and never knows when he looks stupid in a hat. This is the closest yet.

7. The Millennium Fund. Loads of money! No discernible purpose! Could all be yours!

8. Quangos galore! Over the past dozen years the Tory party has constructed hundreds of thousands of small, almost undetectable quangos, which are designed to go on running the country should anything ever happen to the Tory party, such as an adverse election. They will be much in demand after the general election. Or get one now at reduced cost - free knighthood comes with every one!

Send a stamped, addressed envelope now for the complete mouth-watering list of goodies on offer. Remember - everything must go after May.







# business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

## Allied pubs pull the plug on Sky-high TV costs

Tom Stevenson  
City Editor

Allied Domecq is axing Sky from 200 of its branded pubs in protest at the high price being charged for the service. The move is the latest in a line of similar withdrawals by big brewers, who represent one of BSkyB's largest sources of viewers for its sports channels.

Martin Grialley, marketing director of Allied Domecq Leisure, whose pubs include Big Steak pubs, Wacky Warehouses and the Firkin chain, said the

cost to landlords of providing Sky had increased substantially in recent years to the extent that it was no longer viable in many of its pubs.

Allied Domecq Retail and its sister chain of community pubs, Allied Domecq Inns, together run 2,500 pubs of which about 1,000 currently offer Sky. Mr Grialley said he expected one-fifth of the branded pubs to withdraw the service following high recent hikes in the monthly subscription charge to publicans. The community pubs, which tend to have a younger, male customer base, are

thought unlikely to follow the family pubs and will swallow the higher prices.

Commercial subscribers pay a much bigger monthly fee than domestic users to access BSkyB's package of channels, with bands based on the rateable value of their premises rising up to well over £100 a month compared to a typical household package costing £17.99. Domestic subscribers are contractually banned from showing programmes for profit.

Allied's decision to take on Sky follows similar moves by Bass, Greene

King, Scottish & Newcastle and others. A spokesman for Bass said yesterday: "We are certainly not happy with the prices being charged by Sky. The customer base has to justify the cost and if that deteriorates we will pull the service."

A year ago furious publicans reported Sky to the Office of Fair Trading over what they claimed were huge subscription increases. Some said they had been asked to pay more than 10 times as much as three years ago when the service was in its infancy and desperate to attract viewers.

Now it has become a success, landlords claim, Sky is putting a squeeze on landlords, who accuse the company of adopting "bullyboy" tactics to extract payment. Some have accused BSkyB salesmen of posing as customers to phone pubs to ask if certain football or boxing matches will be shown on Sky. If licensees say yes, the callers identify themselves and threaten to cut off the pubs unless the fees are paid.

In other cases, it is alleged, BSkyB "spies" have been sent to pubs which have applied for Sky giving just their street number and address in order

to pay only the normal household rate.

Other scams perpetrated by pub owners in order to get round the higher price charged to commercial users have included pubs buying special dishes that allowed them to pick up Premier League matches as they were beamed live on Saturdays to viewers in Norway. Once British licensees had forced a £400 dish they were able to tune into the matches free.

BSkyB maintains that its new pricing structure linked to rateable values represents a fairer system than the previous flat rate.

## Inflation shows sharp fall on new measure

Yvette Cooper and  
Diane Coyle

The UK's chances of meeting the Maastricht criterion on inflation were given a boost yesterday, when the Office for National Statistics (ONS) published a new and sharply lower measure of UK inflation, which was calculated on the same basis across Europe.

The harmonised index of consumer prices (HICP) rose by 2.2 per cent in the 12 months to January, 0.9 percentage points less than the target measure of inflation, which is 3.1 per cent.

Leo Doyle, an economist at Dresdner Kleinwort Benson, said: "It looks a pretty solid bet now the UK will meet the Maastricht criterion on inflation."

At the same time it emerged that the Treasury and Bank of England have both become concerned that the current UK retail price index (RPI) overstates inflation. An investigation has been launched to discover whether it is biased upwards in the same way as the US consumer price index.

The drop in the HICP compared to the current UK measure caught analysts by surprise. But Mr Doyle said: "The method of calculation is very different." Unlike the RPI, the HICP includes air fares, new cars and computers - all of which are particularly sensitive to deflationary pressures, so would be expected to push the European index down compared to the RPI.

The ONS said that the European measure also used a different statistical method to calculate average price increases, which reduced the new inflation measure. Other countries have yet to publish their harmonised inflation figures, which could also be lower than existing national measures. But Simon Briscoe of Nikko Europe said: "I would be very surprised if we didn't see an improvement in the UK's relative inflation performance." That should increase the chances of the UK meeting the Maastricht criterion on inflation, which says inflation must not be more than 1.5 percentage points higher than the three best performing countries.

The financial markets are likely to embrace the new measure because it makes international comparisons easier. The ONS was careful to make clear that "the HICP does not replace the retail price index, which remains the best indicator of UK consumer price inflation."

But a shift away from the RPI could be hastened by additional doubts that the existing UK measure overstates inflation in the same way as the US consumer price index. A Bank of England working paper last March estimated that RPI inflation could be overstated by 0.35-0.8 per cent a year.

A report in December - known as the Boskin Report - after the chairman of the commission that wrote it - claimed that inflation in the US was overstated by 1.1 per cent because measured prices failed to take account of several ways in which the cost of living had fallen.

However, some critics in the US claim the Commission exaggerated its results. It had every incentive to do so because a rate of inflation lower by 1.1 per cent could save up to \$1 trillion (£613bn) on inflation-linked social security payments between now and 2038.

Diane Coyle, page 24

## Aerospace group reveals surge in profits but dampens hopes of a merger with GEC to create £16bn defence giant

### Bae casts fresh doubt on Airbus super-jumbo

Chris Godsmark  
Business Correspondent

British Aerospace yesterday added to growing doubts about whether the European Airbus consortium, in which it has a 20 per cent stake, should push ahead with plans to build a huge A3XX "super-jumbo".

The news came as Bae revealed a better than expected 38 per cent surge in profits for 1996 to £456m, crowning its position at the top of the European defence industry efficiency league. However the group dampened speculation of a merger with General Electric Company (GEC) to create a £16bn giant to dominate the UK defence business.

Bae's scepticism about the Airbus super-jumbo project, codenamed A3XX, comes after Boeing last month scrapped plans to develop a stretched version of its 747 at a cost of up to \$7bn. Boeing, which has a monopoly of the jumbo market, has published Airbus's claim that the A3XX would cost \$8bn to develop, putting the figure at \$12bn.

Sir Richard Evans, Bae chief executive, warned: "It's likely Airbus thinking will be adjusted to take into account the current Boeing thinking, but we've

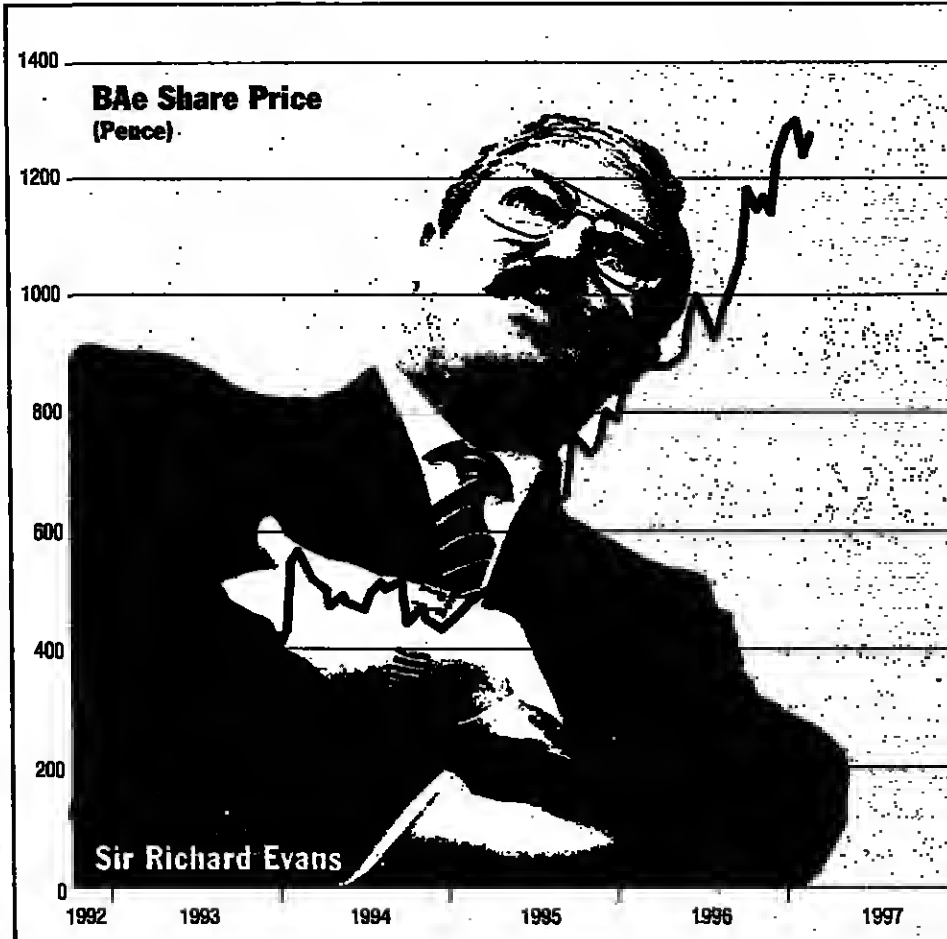
seen no definite proposals from Airbus management... We're not queuing up to put seven to ten billion bucks on the table."

He urged Airbus to concentrate on developing an enlarged version of the existing A340, to compete with Boeing's successful 777 long-distance airliner.

Sir Richard said the commercial case for building the A3XX, which would seat passengers in a "double-decker" formation, had not been fully developed. British Airways has been notably cool on the chances of placing an order for such a plane.

Sources pointed to a vigorous debate going on inside Bae over the economics of building the A3XX, with Mike Turner, head of commercial aircraft, apparently warning to the idea while Sir Richard has become increasingly hostile. Mr Turner explained: "I think Boeing have done exactly the right thing. They have a monopoly. Why spend \$7bn on a monopoly?"

While the discussions continue, Airbus is moving towards becoming a fully-fledged commercial company in 1999, ditching its consortium status which Sir Richard said had become "a nonsense" in practical terms. A memorandum of understanding was signed last month by the



Airbus partners, including Aerospatiale of France, Daimler Benz of Germany and CASA of Spain.

Bae also made clear that completing the restructuring of Airbus was the key to a broader rationalisation of the European defence industry and would underpin longer term discussions with GEC. "We're talking to everybody at the moment and that includes GEC," Sir Richard said.

However he emphasised that the confused network of alliances emerging in the European defence sector meant it

was not yet right to take such a fundamental decision to integrate with GEC. However Richard Laphorne, Bae's finance director, added: "If you don't talk to everybody in this industry you won't know when the opportunity arises."

Negotiations going on with at least five European companies are another sign of Bae's resurgence in the defence market. Five years after the business was on the verge of financial collapse, five years ago, as a landmark £1bn restructuring provision was announced to tackle huge losses in its com-

mercial aircraft operations, the shares briefly touched £1.

Since 1992 the share price performance has been spectacular. The regional jet operations were drastically slimmed down and later partly merged into the A1(R) joint venture with Aerospatiale and Alenia of Italy. Last year Bae shares were one of the stock market's star performers, rising by almost 60 per cent. Further encouraging news included the £1bn merger of its guided missiles business with Lagardere of France, a £1.9bn order for Nimrod 2000 early warning aircraft

○ 1992: Bae shares briefly dropped below £1 during the course of one day's trading in September. Losses mounted at its regional jet business which was badly hit by the collapse in the world airline business following the Gulf War. The new chairman, John Cull, announced £1bn of restructuring provisions which culminated in the historic closure of the Hatfield plant making works in Hertfordshire. A rescue rights issue launched the previous year by Professor Roland Smith, the former chairman, was the first clue to the seriousness of Bae's problems.

○ 1993: The second stage of the £200m Al Yamamah deal to sell further Tornados to Saudi Arabia was announced. The deal, signed in 1993, made Bae responsible for a large part of the Saudi air force. Al Yamamah was credited with saving Bae from collapse in the early 1990s by underpinning losses of civil aircraft with huge, guaranteed, income from defence contracts.

○ 1994: Bae sold Rover to BMW for £280m, securing the motor industry. An argument raged about hundreds of millions of pounds in UK government subsidies paid to Bae. Privately Bae executives saw the sale as one of the best deals the company had done. Rover subsequently proved a problem child for BMW, scaling up huge investment with little obvious sign of return.

○ 1996: The flotation of Orange mobile phone operator netted Bae a windfall of £500m from its 32 per cent stake. Bae reduced its shareholding to 21.91 per cent. The Orange holding was valued at £538m, giving a huge boost to the group's balance sheet. It previously had a negative £4m value in the accounts, representing a gain of £542m. Last week Bae reduced the stake to 21.11 per cent raising more than £20m.

and a £1bn contract with the Australian air force to supply Hawk training jets. However yesterday the shares fell 19.5p to 125.5p.

The main drain on Bae's bank balance continues to be the commercial aircraft division, described yesterday as "still very difficult". Undisclosed profits earned from the group's work building wings for Airbus jets were yet again more than offset by losses from the Jetstream propeller plane operation. Bae's commercial aerospace operations lost £78m in 1996, compared with £118m in 1995.

The future of the Jetstream business, based in Prestwick near Glasgow, is under review and Mr Evans confirmed that one option was total closure. Production capacity has been slashed from 20 aircraft to 10, with 12 on the order book.

Meanwhile defence sales remained the core of Bae's profitability, rising by 18 per cent last year to £524m. The total defence order book at the end of 1996 stood at £11.7bn. The defence division made profits before exceptional items of £533m, a jump of 14 per cent on 1995.

Comment, page 21

## McDonald's launches US fast-food price war

David Usborne  
New York

Scaled down from hot competition from Burger King, owned by Grand Metropolitan, the McDonald's Corporation is preparing to unleash a fast-food price war in the US beginning with a rock-bottom 55-cent (34p) sale on its Big Mac burger.

Dubbed "Campaign 55", the sales effort will be pitched by management to its franchisees today. The company, which is striving to reverse a recent slump in market share, will also propose giving a free meal to any customer who does not receive their order within 55 seconds of placing it.

The move could trigger a price-cutting tidal wave throughout the US fast-food industry. Shares of several of the leading players, including McDonald's and the other main burger chain, Wendy's, both dropped on the news yesterday. Shares in Grand Metropolitan, meanwhile, slid 16.5p to 477p.

For US consumers, on the other hand, it could spell a fast-food bonanza. Almost no one with a taste for burgers will miss out. McDonald's alone, with its 12,300 US-based restaurants, has for years been a virtually omnipresent feature of the American urban landscape. It has the twice the number of restaurants of Burger King, the US number two.

McDonald's may, however, face an uphill fight selling the campaign - which derives from 1955, the year of the company's foundation - to its franchise operators. Currently a Big Mac is priced at \$1.90. The promised 55-cent price would be rotated between the Big Mac and the still-more expensive McRib and the Arch Deluxe meals.

For the campaign to happen, it must win the support of a majority of franchisees in each US marketing region. With the cost of producing a Big Mac put at 62 cents each, most outlets will face losing profit in the venture. The company has told its restaurants, of which 80 per cent

are franchises, that action to reverse its sales drift is vital. In one recent memo, it said: "McDonald's price isn't competitive" and that price cuts could turn around "declining momentum of sales, transaction and cash flow".

McDonald's has been hurt in part by its recent introduction in the US of higher-priced, so-called "adult" products including the much ballyhooed Arch Deluxe, which have flopped. While same-store sales declined last year, those of Burger King, which has been cutting prices, rose by 2.6 per cent.

Peter Oakes, an analyst with Merrill Lynch, confirmed the difficulties McDonald's faces. "To move ahead you've got to be gaining market share and McDonald's has been coming out at the lower end of the stick recently," he said.

Burger King, he added, had performed significantly better. "They have tightened their menu, become more focused and much more effective in their marketing."

## Liffe's early trading plan hits buffers

John Willcock

Liffe has put on hold a plan to open half-an-hour earlier in the morning because there is inadequate demand for it - and the existing public transport system couldn't bring the brokers in at that time, anyway.

Daniel Hodson, chief executive at Liffe, said yesterday that the market had undertaken a study to see whether opening at 7 instead of 7.30am might enable it to compete more aggressively with continental futures and options markets

like Paris and Frankfurt. Mr Hodson said: "After studying the idea we decided that there was no market demand for opening at 7am. Also, there was the additional cost of opening half-an-hour earlier, and the transport question." Mr Hodson himself is keenly aware of the "transport question", as are the 3,000 odd brokers who commute into Liffe's City dealing rooms in Cannon Street every day. He lives in Petersfield, Hampshire, and the first train available to him is the 5.50am, which gets into London at 6.50am.

"That means I would get into the office just after 7am," Mr Hodson said.

There is also the question of the deteriorating public transport infrastructure in the South-east of England. Last week South West Trains, which runs services into Waterloo, enraged City commuters by cancelling 30 trains a day because it had sacked too many drivers since privatisation.

All of which adds backing to Mr Hodson's decision to open at 7.30am. This shows up the key handicap that London suf-

fers as the claimant to the title of Europe's financial capital.

Frankfurt has a gleaming underground system which operates with typical Teutonic efficiency. The Parisian Metro is subsidised so heavily by the French taxpayer that everyone gets to travel free on Fridays.

There is one area at least in which Liffe can claim European leadership. It is currently putting the final touches to "the biggest bog in Europe", a cloakroom in Cannon Street to serve its 3,000 brokers.

## Head of Sumitomo 'repents' by quitting

Richard Lloyd Parry  
Tokyo

Tomichi Akiyama, chairman of Sumitomo Corporation, yesterday resigned as a sign of "repentance" at the company's £1.6bn copper trading losses.

The announcement accompanied an admission by the president of Sumitomo, Kenji Miyahara, that the company first learned "some facts" on the

activities of its former head of copper trading, Yasuo Hamanaka, from a *Panorama* programme broadcast by the BBC last week. Last week Mr Hamanaka pleaded guilty to fraud and forgery in the Tokyo District Court.

Mr Miyahara said the company's internal investigation would take several more months, and had been delayed by the inadequacy of in-

formation in internal Sumitomo documents.

In a letter to the company's New York lawyers, Mr Akiyama said that Sumitomo "showed itself to be a model for international corporate behaviour" in its handling of the affair.

Japanese executives often respond to scandals by resigning, although in many cases it is little more than a symbolic gesture which still allows them to exer-

cise power behind the scenes.

Mr Akiyama has been appointed an "adviser". Asked what his new salary would be, a spokesman replied, "We are not obliged to disclose that."

STOCK MARKETS					
Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low
FTSE 100	4344.70	+13.60	+0.3	4357.40	2632.30
FTSE 250	4665.00	+23.10	+0.5	4665.00	4015.30
FTSE 350	2149.20	+2.60	+0.4	2150.80	1816.60
FTSE SmallCap	2352.31	+2.90	+0.1	2352.31	1954.06
FTSE 100/250	2154.65	+1.10	+0.5	2127.75	1781.95
FTSE 100/350	6994.34	+13.86	+0.2	7057.46	5632.84
FTSE 100/SmallCap	19870.00	+173.08	+0.9	22660.80	17303.65
Nikkei	13537.75	+144.57	+1.1	13869.23	10204.87
Dax	3253.21	+49.00	+1.5	3276.16	2353.36

INTEREST RATES					
Short sterling	UK medium gilt	US long bond	Money Market Rates	Bond Yields	
3m	4.75	6.50	3m	3m	3m
6m	5.25	6.75	6m	6m	6m
12m	5.75	7.00	12m	12m	12m
24m	6.25	7.25	24m	24m	24m
36m	6.75	7.50	36m	36m	36m
48m	7.25	7.75	48m	48m	48m
60m	7.75	8.00	60m	60m	60m
72m	8.25	8.25	72m	72m	72m
84m	8.75	8.50	84m	84m	84m
96m	9.25	8.75	96m	96m	96m
108m	9.75	9.00	108m	108m	108m
120m	10.25	9.25	120m	120m	120m

CURRENCIES					
£/\$	£/DM	£/¥	\$/DM	\$/¥	DM/¥
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42
1.6342	0.8119	163.42	0.8119	163.42	163.42

### THE INDEPENDENT

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# This could be a backward step for the Bank



COMMENT

The effect of the two initiatives – council and committee – may well be to produce a dangerous, Treasury-inspired fudge in decision-making. Indeed it is reasonable for the City to suspect that this is actually Mr Brown's intention.

It seems the "Ken and Eddie" show is going to be replaced by the "Council and Committee" show. Somehow Labour's proposed arrangements for the determination of monetary policy don't seem to roll off the tongue with quite the same ease, but that's exactly how Gordon Brown intends it. He wants to take the personalisation out of the process. While the adversarial nature of interest rate decisions won't be entirely removed, decision by committee of both Bank and Treasury will in future be much more the name of the game.

There will be Mr Brown on one side with his council of economists to advise him. On the other will be Eddie George, or whoever replaces him when his contract comes up for renewal in May 1998, advised by a committee of only half of whose members will be drawn from the Bank of England's existing staff. The rest will be outsiders, though the Bank has managed to persuade Mr Brown they should at least be acknowledged experts in the field of monetary policy. Technically these four will be Bank of England appointments, for in the real world the Bank is unlikely to opt for anyone the Chancellor doesn't approve of.

At this juncture it is hard to tell whether any of this is much of an improvement on the present arrangements. The City is certainly right to believe that in practice they may well not be – that they could mark a retreat in progress towards full Bank of Eng-

land independence rather than an evolution towards it. This is why. Bolstered by his council of eminent economists, it will be much easier for the Chancellor to ignore or sideline the Governor's advice on monetary policy. If the Chancellor disagrees with the Bank, he can point to his council and claim they are more right than the Governor.

Moreover, the formation of a monetary committee half-staffed by outsiders risks homogenising and diluting the advice he gets from the Governor. The idea of having the outsiders as a reasonable one in theory for it is intended to make the Bank's advice on these matters more representative. The concern with advice as presently formulated is that it is determined by too small a clique of Bank insiders, who are unduly influenced by the prejudices of financial markets.

There's another side to the coin here, however. At this stage in Britain's attempt to throw away the habits of a lifetime and establish credibility as a low-inflation economy, it is actually necessary for the Governor to be hawkish in his views, to err constantly on the side of caution and to advise strongly against risk taking in monetary policy. The outsiders are likely to be more balanced and dovish in their approach, if not quite as reckless as some in the City fear they may be. It can readily be seen that the effect of the two initiatives – council and committee – may well be to produce a dangerous, Treasury-inspired fudge in decision-making. Indeed it is entirely reasonable for the City

to suspect that this is actually Mr Brown's intention here.

All that guff about the Bank needing to "earn" its independence, as if the Bank is more likely to play fast and loose with monetary policy than the Treasury, is actually code for saying by all means let's have an independent Bank, but not yet. These arrangements are no substitute for an independently determined monetary policy. They should be seen for what they are – a clever way of perpetuating the status quo and for rooting power where the politicians like it to be – firmly in their own hands.

## Lord Weinstock's missed chance

As Lord Weinstock, former managing director of GEC, settles into retirement, there will be one regret that continues to play on his mind – why on earth didn't he buy British Aerospace five years ago when he had the chance? So bombed out and distressed did the company then seem, that he probably could have picked it up at little more than £2 a share. Furthermore, the company was in such a parlous financial state, that he could convincingly have argued that without him there was a fair chance of the company going under – in other words that the Ministry of Defence and the competition authorities should lift their objections to the creation of such a defence monster for the sake of

safeguarding jobs and technology. Quite why he didn't will have to await the judgement of the several biographies now being written on the great man. Whatever the reason, it was with the benefit of hindsight, a quite spectacular piece of ill-judged caution. British Aerospace shares now trade at more than £12 and the company has earned a well-deserved reputation as the golden boy of the European defence sector. Luck and politics have played a fair part in that transformation. Barely a day goes by when Sir Richard Evans doesn't thank his lucky stars that he sold Rover to BMW, thereby off-loading what would now be a huge problem were it still in the BAE stable. But there has also been hard graft and painful decisions.

The challenge for the future is going to be to build on this success in what continues to be a rapidly shrinking world defence market. Pushing through the incorporation of Airbus is only a small part of the restructuring that BAE now needs to spearhead in Europe's still fragmented and deeply inefficient aerospace industry.

## Of 'superwomen' and super-bears

British fund managers outperformed most of the main indices last year, yesterday's annual WM Company survey reveals. But the margin over funds that track the index was rather small.

So small that it makes a very unimpressive justification for the cost of an army of highly paid Nicola Horlicks in the active pension fund management industry.

For example, the survey found that in UK equities the average return was only 16.8 per cent, a tiny margin over the 16.7 per cent gain for the FTSE All-Share index. Nevertheless, it was still a good year for many active managers, particularly the smaller funds, whose stock-picking skills took them well ahead of the UK index. There were some misses.

For example, most fund managers looked a bit silly by reducing their exposure to the US market, which promptly took off again instead of the predicted collapse. But WM Company takes a long-term view of this apparent mistake. "There may be a parallel in Japan during the late 1980s, when funds were left significantly below index weight by selling into the rising market," said Peter Warrington, a director.

"When the Japanese market corrected, this proved a wise strategy. Many expect the same situation to be demonstrated in North America shortly."

The other mistake made by some, to move out of UK equities too early, was not repeated across the market. There was only a gradual rise last year in cash holdings. The super-bears like PDM will eventually be right. But for UK stocks, it is hard to make a case that their timing was wise.

# Renewed Greenspan fears rattle markets

Rupert Cornwell  
Washington

The chairman of the Federal Reserve, Alan Greenspan, rattled world markets yesterday by voicing anew his misgivings about surging share prices in the United States, and giving his clearest warning yet that interest rates might have to rise soon to keep inflation at bay.

Within minutes of his remarks, delivered in his regular twice-weekly report on the economy to the Senate Banking Committee, the Dow had plunged more than 100 points, while the 30-year Treasury bond fell more than a point.

Both markets recovered part of the losses later. But by 1pm the Dow was down over 87 points, more than 1 per cent. In London the FTSE 100 index ended more than 15 points down at 4,323.3. This was up from its low and only 33 points below its record.

As ever, Mr Greenspan's utterances were dry and Delphic, as he listed the reasons the US economy had lately performed so well, combining solid growth with low inflation: "Even I must admit that our economic prospects in general are quite favourable."

Among the reasons he gave were a strong dollar which



Alan Greenspan: History counsels caution

braked imported inflation, a lingering job market insecurity that had tempered wage demands, and big profit margins that allowed companies to absorb higher costs without raising prices.

But he added in the next breath, that while the central bank still expected US inflation to stay below 3 per cent in 1997, these special factors could well

prove temporary. And, he hinted, given the time required for interest rate changes to work through into the economy, what would be the Fed's first raise in short term rates since 1 February 1995 could be just around the corner.

"A pre-emptive policy tightening," he said, "may become appropriate before any sign of actual higher inflation becomes evident."

Mr Greenspan seemed most concerned however by the rampant stock market, which last week breached the 7,000 barrier, a rise of some 10 per cent since he famously proclaimed last December his fears over the "irrational exuberance" in the equity market.

Yesterday, he seemed to be making another attempt to talk prices down without using the big stick of higher interest rates. Caution, he declared, seemed "especially warranted" over the sustained advance in prices. Referring explicitly to his previous warning which markets brushed aside in barely 24 hours, he reiterated that "there are reasons in the current environment to keep this question on the table."

More specifically, he cast doubt on the fashionable belief that fundamental changes in economic conditions – global

competition and new information technology are the two most often cited – justified the surge in stock prices. There might be reasons to believe in something "fundamentally new."

But, he went on, "history is strewn with visions of such 'new eras' that in the end have proven to be mirages. In short, history counsels caution. Such caution may be especially warranted with regard to the sharp rise in equity prices during the past two years."

On balance, Mr Greenspan's words have strengthened the chances the Fed's interest rate steering committee will opt for a small increase in the Fed funds rate – currently at 5.25 per cent – when it next meets on 25 March. If not then, most analysts expect a move before June.

Even so, the central bank reckons the current steady expansion will continue.

Its 1997 forecast predicts growth of between 2 and 2.25 per cent, and an unemployment rate of 5.5 per cent or less for the rest of the year. In the UK gilts were hit more than shares by Mr Greenspan's warning. But a £2.5bn auction of gilts by the Bank of England earlier in the day was a moderate success, subscribed just under two times.

Battle for a stable currency: it all started in 1797



The pound in your pocket: In 1797 the Bank of England stopped changing notes into gold and later issued £1 and £2 notes for the first time. The exhibition 'From Gold to Paper Currency' which opens today at the Bank of England Museum, London EC2, tells the story

# BA deal to end 'Spanish' practices

Barrie Clement  
Labour Editor

As part of a plan to save British Airways nearly £17.5m leaders of ground staff at Heathrow have accepted the need to eradicate old "Spanish practices" and freeze pay, according to internal documents.

Representatives of baggage handlers at the airport believe workers will have to accept electronic devices to monitor attendance and punctuality and will have to forego pay rises for two years from January 1998.

Union leaders are to hold workplace ballots over the next few days to assess support for the proposals, which are part of the company's drive to save £1bn by the year 2000.

The work practices at Heathrow are seen by critics as one of the last bastions in Britain of "Spanish practices", which include being paid for full shifts when fewer hours are worked. According to company sources, employees are sometimes paid for shifts they do not work.

Internal documents make it clear that these new work practices must be introduced without industrial action, therefore amounting to a no-strike pact. In return for the concessions management has given an assurance that the ground handling operation will not be "outsourced" for the next three years.

Baggage handling was seen as one of the most vulnerable parts of BA to external competition. Company papers make it clear that the jobs guarantee will be continually reviewed. If costs and service performance compare unfavourably with competing baggage handling companies the operation would be given 60 days to improve or face contracting out after a further 30 days.

George Hyde, national official of the Transport and General Workers' Union, refused to comment on the situation at Heathrow. A BA spokesman said TGWU representatives of ground staff had accepted proposals to bring departmental costs into line with competitors.

# Fall in import prices keeps lid on trade gap

Diane Coyle  
Economics Editor

Britain's trade was not as far in the red as expected in December and January thanks to falling import prices. The figures sent the pound higher on the foreign exchanges, despite signs the strong currency has started to hold back export volumes.

Exports amounted to £84.5m less than imports in December, compared with a November shortfall of more than £1.1m. Trade with the EU showed the biggest improvement, more than halving to £205m.

In 1996 as a whole, the trade gap widened slightly to £12.5bn – the fifteenth successive annual deficit, as the Labour Party was swift to point out.

The deficit with countries outside the EU narrowed from £640m in December to £398m last month, the lowest figure since March 1995.

Although yesterday's figures were far better than feared, analysts warned the underlying trends were unfavourable. The latest figures were flattered by an increase of more than £200m in the surplus of oil exports over imports. This climbed to £664m, its highest since the oil price collapsed in 1986.

Excluding oil and other erratic items, the whole world deficit increased by nearly £300m to £1.94bn in December. But the non-EU trade gap showed an improvement in January even excluding these items.

A second helpful factor to the trade gap was the contribution that the strong pound has made

to falling import prices – a temporary phenomenon economists call the "J-curve effect". Import prices declined by 2.5 per cent in the final quarter of last year.

The trends in volumes of underlying imports and exports were not encouraging. Although both EU and non-EU exports climbed in the latest month, this followed a sharp decline the previous month. In the final quarter of last year the volume of exports was virtually unchanged while the volume of imports climbed by 1 per cent.

The Office for National Statistics said the erratic pattern made it hard to estimate the trend, but the whole-world deficit seemed to be narrowing. Some City economists were gloomier, in the light of recent business surveys indicating that export orders have dropped.

"While we might continue to get pleasant surprises in the trade figures through the first half of this year, a marked deterioration is in prospect in the second half," said Adam Cole of James Capel.

Companies ranging from Courtaulds yesterday to EMI, Glaxo Wellcome, ICI and British Steel in recent weeks complained that the level of the pound has made business tougher.

Although yesterday's figures showed that exports have not yet started to decline, many economists think this is only a matter of time if sterling remains near its current level.

The pound climbed about two pence against the mark yesterday, to end at DM2.7590.

# Energis cries foul over BT's US merger

Chris Godsmark

Energis, the fast-growing telephone operator owned by National Grid, yesterday unexpectedly lodged a formal objection with the US telecommunications regulator against British Telecom's planned £13bn merger with the American long-distance carrier MCI.

It also emerged that Energis has submitted similar critical arguments to the European Commission, which is also investigating the deal. Energis is one of the first of BT's British rivals to complain formally

about the merger and its move backs the campaign launched in the US by MCI's bitter rival, AT&T.

In its letter to the US regulator, the Federal Communications Commission (FCC), Energis argues that the British phone market is not as free as BT has claimed. Echoing AT&T's complaints about obstacles facing its UK operations, the submission says BT is "still the dominant player with 92 per cent of residential lines and a similar proportion of business lines."

The submission attacks the

British system which enables competing long distance phone companies to pay to get access to homes using BT's dominant local network, a principle known as "indirect access".

Customers with companies such as Energis and AT&T have to dial a three-figure code from their BT phone to access these rival networks, and receive two sets of bills. In contrast the US system works on the principle of "equal access", where customers do not need to dial an access code and only receive a bill from their chosen long-distance supplier.

Mike Grabiner, Energis chief executive, said: "It's wrong to see the UK market as fully liberalised. It is not and this is a critical weakness. Without equal access we cannot address the residential market directly, so the problem is absolutely fundamental. It stops us getting into the residential market."

He said the indirect access regime would prevent Energis customers from enjoying the variety of different billing options and special call services supplied by BT. As a result, Mr Grabiner argued, Energis had decided to concentrate its

efforts solely on the business market, where hi-tech switchboards can overcome some of these drawbacks.

The latest move is likely to add to pressure on both BT and the UK industry regulator, Don Cruickshank. BT has claimed that the UK market is the most open in the world and has been strongly backed by Mr Cruickshank. In a speech in Washington recently he defended his regulatory record, arguing that indirect access was the only way to encourage the cable companies to invest in rival local telephone networks.

# Chief executive quits as Pace shares plunge by 44 per cent

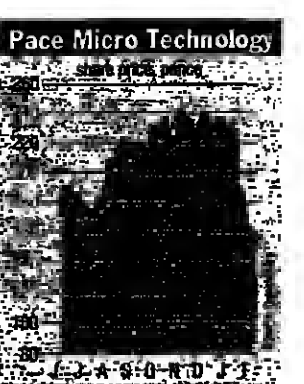
Nigel Cope

One of the joint chief executives of Pace Micro Systems left the company with immediate effect yesterday after the satellite decoder manufacturer summed investors with its second profits warning this month.

Berry Rubery, who made £50m from the company's flotation last summer, has ceased to be a director due to "irreconcilable differences of management style" with the rest of the board.

The shares plunged 44 per cent to 36p, their lowest point since the company's flotation last June. Priced at 172p, they stood at 241.5p as recently as November.

Yesterday the company said profits for the second half of the financial year would be no better than the £10.2m achieved in the first. Analysts are now forecasting full-year profits of



Pace Micro Technology

replacement for Mr Rubery was sought.

Mr Rubery, who had been involved with the company since its formation in 1982, will be eligible for compensation for loss of office. He was on a one-year contract and received a salary of £160,000 last year, plus a bonus of 25 per cent.

Mr Morgan said: "This is clearly a very serious situation but we believe digital broadcasting has a very good future. We are in take-off phase and some of that take-off has been deferred."

He denied the company had been over-priced on flotation. He said the parting with Mr Rubery had been amicable and did not relate to disagreements on strategy but management style. Mr Rubery still holds a near 10 per cent stake in the company and is unable to sell any shares until 1999. He could not be contacted yesterday. "I have no idea

where he is," Mr Morgan said. It is only three weeks since Pace Micro's last profits warning when it said slower sales of digital satellite receivers and the adverse effects of sterling's strength would mean there would be no over-performance on current-year budgets. Pace shares have been volatile as the market tried to second-guess the timing of the BSkyB contracts to manufacture the set-top boxes for digital television. Pace is on the shortlist along with companies such as Philips and Nokia.

Pace said yesterday that any possible set-top box contract had never been included in this year's profits forecasts. "I cannot even speculate on whether we will be successful," Mr Morgan said.

Pace was one of the most popular flotations of last year and was priced far higher than original expectations.

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## business

# Buoyant Prudential committed to growth

Nic Cicutti

Prudential yesterday renewed its long-term commitment to expansion by acquisition in its key UK market, as it announced an 8.6 per cent increase in total operating profits to £873m in 1996.

But Sir Peter Davis, the company's group chief executive dampened down hopes of an imminent takeover raid on a building society, arguing: "We can't see value in that from a shareholder perspective."

The company said its total profits before tax were £1.6bn last year, up from £1.04bn in 1995. The Pru's profits rise was boosted by £766m realised by the sale of its reinsurance arm, Mercantile & General, to Swiss Re last year.

Sir Peter said yesterday the disposal of Mercantile & General, plus the launch of a banking arm, meant the Pru was focusing even more on markets it believed were crucial to its long-term success. This included an acquisition strategy in areas reflecting its long-term ambitions in the market.

Sir Peter said: "We have recently submitted an offer for Scottish Amicable. This company has a respected brand name and significant presence

in the independent financial adviser market in the UK and, if successful, the acquisition would enhance our core UK operations."

He refused to comment on further targets, especially in the building society sector.

"We said 18 months ago that we were wanted to buy a life company with an IFA presence. We indicated 12 months ago that we might be interested in adding a branch network alongside our new banking operation. But at the moment we are concentrating on shareholder value. The time is not right."

Prudential's continuing growth came as the company announced that it is currently processing more than £100m in mortgage applications for its new home loans and banking subsidiary, launched in October, which has also taken £98m in deposits.

Sir Peter said the seemingly slow start lay in the Pru's unwillingness to roll out its products across the entire salesforce until they are fully trained.

Jackson National Life, the Pru's US subsidiary, recorded operating profits up 35 per cent to \$512m (£350m), achieved through diversification both of its product range and



Big is beautiful: Jonathan Bloomer, Prudential financial director (left) and Sir Peter Davis, chairman, as yesterday's results were announced. Photograph: FT Pictures

distribution network. The Prudential also announced that it is paying a record £1.5m in bonuses on its UK with-profits policies. For 10-year policies with monthly payments of £50, payouts of £9,374 involve a drop in returns from 8.9 per cent last year to 8.4 per cent in 1997. However, maturing 25-

year policies with the same premium will pay £101,215, a 13.1 per cent rate of return, up from 13 per cent in 1996.

Jim Sutcliffe, chief executive of Prudential UK, said: "We have increased payouts for the majority of our customers and maintained the payouts for many others."

The company added that negotiations with the Department of Trade and Industry (DTI) over the ownership of so-called orphan assets, announced last year, were continuing. Analysts have claimed the Pru could release between £50m and £30m to shareholders from its orphan assets.

## New bid trumps Siebe offer for Whessoe

Magnus Grimond

Whessoe, the Darlington-based instrumentation group, yesterday unexpectedly found itself at the centre of a contested takeover battle after two continental groups launched a £52.6m rival offer to the £45m deal only recently agreed with the Siebe engineering giant.

Seatec Garx, a Norwegian navigation systems group soon to be renamed Navia, and Endress & Hauser, a Swiss maker of process controls, have

teamed up to make a joint bid at 175p a share, well above the 155p which the Whessoe board backed a fortnight ago. The consortium scooped up a 10.6 per cent stake at 175p in its target yesterday from its three leading institutional shareholders, M&G, Aberforth and PDM.

The fund management arm of UBS, the Swiss bank which is advising the bidders.

News of the bid prompted a 27p rise in Whessoe's share price to 184p yesterday as the market anticipated Siebe re-

turning with a higher offer. Siebe would only say it was considering its options and would make a statement in due course.

The move by the continental groups follows an approach by Seatec to Whessoe in November 1995 for its Autronica offshoot, a marine automation and fire detection business which, like Seatec, is based in Trondheim, Norway. The Norwegian group later teamed up with Endress and earlier this month entered discussions with the Siebe board in an attempt

to gain a recommendation for a bid for the whole group. These talks lapsed after Siebe announced what was at that stage a higher offer.

Christopher Fleetwood, Whessoe's chief executive, described the latest move as "a slightly unusual turn of events". The latest bid would have to be considered by the board before it reported back to shareholders, he said.

The recent share price performance represents a remarkable rebound from the six-year

low of 86.5p hit last December after the group unveiled a 57 per cent fall in profits to £560,000 in its first full-year since withdrawing from its former engineering businesses. Analysts are expecting profits to rebound to around £4m this year, which the consortium said meant its offer was worth over 22 times expected earnings.

Mr Fleetwood said around half the group's revenues would be derived from new products by 1998, including a large number expected to hit the market

## IN BRIEF

• Louis de Bievre, a member of the managing board of ABN Amro, the Dutch bank which owns UK broker Hoare Govett, resigned yesterday after his wife was linked to an insider dealing case. ABN Amro said the case involved Mr De Bievre's wife who, in 1992, had traded shares in a listed company when she knew of "certain specific" information about the company as a result of comments by her husband. The matter was settled out of court and ABN Amro said the public prosecutor had informed it that it was Mr De Bievre's wife, and not Mr De Bievre, who was guilty of insider dealing. "The managing board respects Mr De Bievre's decision and regrets that his long and successful career with the bank has ended in this way," ABN Amro said.

Banking Correspondent

• The proportion of industrial companies following the recommendations of the Cadbury report on corporate governance and appointing non-executive chairman has risen from 63 per cent to 72 per cent in the past year, according to a report published today. The latest survey on non-executive director practice and fees from the remuneration advisers Monks Partnership also shows that 47 per cent of companies have increased the fees paid in that time. Non-executive directors, other than part-time chairman and deputy chairmen, saw fees rise by about £2,000, to £15,000 for smaller companies and £24,000 for those with turnover of £1bn or more. Fees in financial organisations were roughly in line.

Roger Trapp

• Sixty per cent of UK financial directors believe that external auditors should do more to detect fraud within their organisations, according to a survey by Reed Accountancy Personnel in association with the newspaper Accountancy Age.

• ED&F Man Group has agreed to acquire Cargill Incorporated's molasses and animal liquid products division for \$48.5m (£30m) in cash. The company said the acquisition of MLPD was expected to be earnings-enhancing in the first full year of ownership. In addition, it will also acquire the inventory and trade receivables of MLPD, which are estimated to be about \$50m. MLPD operates from 13 terminal sites in the US and five in the UK. It also has facilities in Italy, Germany, Spain and the Philippines.

• Zeneca Group is to invest £22m to expand and upgrade its pyrethroid manufacturing units in Huddersfield. The investment will support the strong worldwide demand for the company's Force, Karate and Ivalon insecticides, increasing capacity and manufacturing flexibility, a spokesman said.

• The Bank of England said the Government's auction of £2.5bn of 8 per cent Treasury stock due 2021 was covered by bids 1.93 times. The lowest accepted price was £106½, with an equivalent yield of 7.39 per cent. The highest accepted price was £107½, yielding 7.37 per cent. Total bids received amounted to £4.824bn.

• Farringford said it was in discussions which it believed were likely to lead to the reverse takeover of Lingfield Park 1991, the operator of Lingfield racecourse. The consideration would be partly satisfied by the issue of new ordinary shares at a price of around 10p each, the company said. The majority shareholder in Lingfield, TJH Group, is also a substantial shareholder in Farringford and the acquisition would therefore be subject to the approval of independent shareholders. Farringford's shares were suspended at 1-p.

• MEPC, the property company, will move its headquarters in early 1998 and outsource its non-core facilities management and site-based staff in order to concentrate its high-quality facilities management on those buildings where this level of service clearly adds value. The outsourcing involves 340 properties and affects 400 staff. "Terms have been agreed with Nelson Bakewell and Jones Lang Wootton to take on approximately half this total [properties]. The remainder will be dealt with over the next three months," MEPC said.

## Barclays' £300m share buy-back comes unstuck

Banking Correspondent

Barclays yesterday failed in its attempt to buy back £300m worth of shares, with institutional investors apparently wary of the bank's volatile share price in recent days and because of the abolition of tax-breaks announced by the Chancellor of the Exchequer last autumn.

The bank only managed to pick up around £100m worth of shares. Martin Taylor, chief executive of Barclays, said he was surprised "we didn't get more stock offered".

Until Kenneth Clarke, the Chancellor, made his move, institutions could reclaim 20 per cent tax because share buy-backs were treated as dividend payments.

Mr Taylor said the reluctance of investors to offer their

shares for sale may also have been affected by the fact that Barclays' staff share scheme had been buying up shares last week. That may have had the effect of "sweeping up loose stock", Mr Taylor said.

Barclays paid £11.37 each for the 9.21 million shares it repurchased yesterday, a premium of around 1 per cent over Tuesday's closing price. Shares in Barclays closed at £11.27p and 5p on the day, off higher levels seen in early trade when the buy-back was first announced.

"While it is encouraging in many ways that there were not enough sellers of shares at the current price to enable us to complete our planned purchase this morning, we remain committed to returning capital to shareholders and shall be looking to buy further shares as appropriate," Mr Taylor said.

Last week, when the bank announced record profits of £2.35bn, Mr Taylor said the bank had £500m of surplus funds that would be returned to shareholders.

Mr Taylor said that the bank would have been able to buy back more than the £100m it managed to yesterday if it had been prepared to bid a higher price. "It seemed to be a better deal to take £100m at 1.137p and draw a line there," he said.

This was Barclays fourth buy-back in recent years, collectively returning around £1.1bn to shareholders. Barclays believes buy-backs are an efficient way to maximum returns to shareholders because they enhance earnings per share.

In 1995, Barclays bought back £180m of shares, followed by £306m in February 1996 and £470m in August 1996.

## Standard closes risky accounts

Banking Correspondent

Standard Chartered has made a big "pre-emptive strike" against possible defaults by closing 550 corporate accounts in Asia last year. A credit scoring system was used by the bank for the first time to decide the closures, which amounted to about 5 per cent of its total corporate clients.

Malcolm Williamson, chief executive, acknowledged that closing down accounts was a sensitive task. "It's a case of encouraging people to go elsewhere while they have a bankable prospect," he said. Often, the accounts were transferred to local banks which felt more comfortable with the risk.

News of the account closures accompanied results for 1996 from Standard, which is a specialist Asian-Pacific bank based in London. It claimed the results showed it had achieved its ambition to double profits in three years by announcing a 32 per cent rise to £870m before

tax. Trading profits in the last three years have risen from £358m to £818m.

The bank has undertaken extensive restructuring in the last couple of years, and has sold off businesses which it did not believe would generate good profits, such as private banking.

"We really think we've finished the renovation and renewal," Patrick Gillam, chairman of Standard, said yesterday. However, he said the bank would make investments this year and in subsequent years in the areas in which it had chosen to specialise in Asia, such as credit cards and cash management and custody business. For 1997 alone it has earmarked £90m to £100m for investment, primarily in Asia, he said.

Mr Gillam said Asia Pacific remained the most important region for the bank. The bank is one of only eight international banks with a licence to handle currency business in Shanghai. Standard shares closed up 13.5p at 783.5p last night.

## Kenwood remains on Pifco back burner

Banking Correspondent

The possibility of a Pifco takeover of Kenwood, the rival electrical appliances maker, appeared no nearer yesterday when it said it had still received no financial information from the target despite several requests.

Kenwood remains in a bid situation according to Takeover Panel rules. But the Pifco board repeated earlier statements that "we would need to receive certain financial information before we could consider making an offer".

"We want to keep all our options open," said Michael Webster, chairman.

While Kenwood struggles in a competitive market, Pifco yesterday reported a 16 per cent increase in half-year pre-tax profits to £1.82m. Acquisitions boosted the figure as underlying profits were dented by start-up costs relating to the development of the new Russell Hobbs Millennium kettle

which uses a special flat element to bring water to the boil in half the time.

The kettle was launched in October and Pifco says it has been well received by consumers and the trade. A second new product, which uses the Optec element has been launched and two more models are under development.

Mountain Breeze, the air treatment and aromatherapy company acquired in September, recorded losses of £85,000 in the period. In order to restore the business to profitability Pifco plans to close the UK production facilities in April and move the manufacturing to two Pifco plants, one in Britain, the other in China.

Pifco said Mountain Breeze would cause a short-term hit to profit but stressed its confidence that it would prove a good investment.

Pifco's group sales in the six months to 31 October were flat at £21.7m. The dividend was increased by 9 per cent to 2.5p.

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

## Capital Shopping offers a haven in uncertain times

In a year likely to be beset with political uncertainty and foreign currency worries, property and retailing should be two safe havens for investors, particularly given the current buoyancy in shop sales. Already, those who clinched aboard Capital Shopping Centres, which owns prime retail property assets like Thurrock Lakeside and Gateshead MetroCentre, have enjoyed a remarkable 73 per cent return on their investment in 1996, including dividends. In the space of less than three years since the group floated at 230p a share, CSC has become the fourth-biggest property company on the stock market.

Yesterday the shares edged down 2.5p to 394p, just off their high, despite the announcement of fully diluted net assets per share up by a quarter to 315p in the year to December - well above most forecasts from analysts, who were wrong-footed by a shift in yields.

That happened at the time of the group's £203m rights issue of convertible bonds in November. Until then, the growth in CSC's net assets had been driven almost entirely by its ability to squeeze ever-higher rentals out of an expanding portfolio. But values have been nervous about the continuing lack of strength in the market and have been reluctant to apply yields much below 7 per cent to those rent figures. However, recent deals - notably the sale earlier this year of the Gyle shopping centre in Edinburgh to Marks & Spencer on a yield below 6.5 per cent - have seen a move towards lower values for prime properties. Although the difference is small, applying this falling yield to CSC's rising rental value, taking account of a 31 per cent rise in rental income to £113m last year, meant Thurrock alone represented almost half the £217m increase in the portfolio to £1.58bn by December.

There should be plenty more to go for. Construction has only just started on the £250m shopping centre at Braehead in Glasgow, yet two-thirds of the 600,000 sq ft development is already pre-let. The net addition to the portfolio that could give on completion in two years could be worth £100m or 25p a share.

Underpinning all this is the continuing strength of the retail sector. CSC centres in the South typically saw sales growth in double figures last year, well ahead of last year's Government figure of 7 per cent. Despite a slightly disappointing Christmas, the strong trend has continued and yields are almost certain to fall further as a result.

CSC's shares trade on a 27 per cent premium to net assets, against an average of 5 per cent for the sector. But if Mees Pearson's forecast net asset value of 355p by the year-end is borne out, they are not out of line. Keep holding on.

### Vardon looks healthier

Vardon's range of leisure attractions doesn't include a roller-coaster, but its shares have done their best to provide shareholders with that stomach-lurching brand of excitement. Worth 137p last May, they plunged to a low of 79p following disappointing interim results last September and have bounced back since to 112p yesterday, up 2.5p.

The problems afflicting the interims were in evidence at the full-year stage reported yesterday but the market is more relaxed now that the right measures have been taken to put Vardon's house in order. Strip out the distorting effect of last year's acquisition of the Archer health clubs and underlying profits were up 12 per cent, arguably a better measure than the 30 per cent increase in reported pre-tax profits to £11.8m (£9.1m), if not quite as telling as flat earnings per share of 7.8p (7.6p). The well-covered dividend rose another 15 per cent to 1.9p.

The Sea Life Centres to London Dungeon Attractions division continued to suffer from the tiredness of its resort aquariums and the impact of terrorism, road and rail works on the South Bank. A new television advertising campaign, beefed up management and consumer promotions, however, have already started reversing declining admissions.

Bingo reported a like-for-like admissions drop of 7 per

cent in the year, which the company maintains is a better performance than its rivals managed in the same period. Here too the worst of the impact from the honey, especially its scratch cards, is over.

The key strategic move of the year was Vardon's entry into health and leisure clubs where it bought the Metropolitan chain of private clubs together with a raft of contracts to run public gyms for local authorities, which are increasingly contracting out this sort of peripheral operation. Health clubs give Vardon access to the fastest-growing part of the leisure market and it is directing half its capital expenditure at this division this year.

On the basis of forecast profits before tax of £15.5m this year and earnings per share of 8.5p, the shares trade on a prospective p/e ratio of 13. That sort of discount to the sector is fair enough, but the outlook is brighter and the shares are a hold.

### CU finds the going tough

Full-year figures from Commercial Union, like the curate's egg, were good in parts, and the 23.5p fall in the shares to 666.5p had more to do with the way in which the company knocked on the head the froth surrounding recent takeover speculation and, in particular, a deal with BAT.

The company's own bearish view of the immediate prospects for motor and household insurance business in the UK, where it is continuing to defend its margins at the expense of losing market share, also worries some analysts.

Operating profits down 13 per cent to £444m were quite reasonable given the withering effect of a strong pound on the overseas profits of a company which does 74 per cent of its business overseas, and most of that in France, the Netherlands and the US. Continuing competition almost halved the contribution from UK general insurance, while the doubling of bad weather claims in the US virtually wiped out profits.

Lurking in the details were some sharply improved results from Delta Lloyd's life business in the Netherlands and general insurance of Groupe Vieo in France. UK life and pensions business is also buoyant.

Some analysts were considering adding £10m to forecasts for 1997 yesterday but the consensus view is that the company will do well to maintain its 1996 profits this year. The UK insurance market is still tough. While insurers are still making profits from motor and household business the rating cycle is unlikely to turn up. The general election could dramatically weaken the pound, but it probably will not.

The shares are still 20 per cent higher than they were six months ago. Without a bid premium the group's prospects look unexciting and the shares, priced at 16 times prospective earnings, look to be only a dull hold.

### Capital Shopping Centres: At a glance

Market value: £1.61bn, share price 394p

Trading record	1994	1995	1996
Pre-tax profits (£m)	55.5	104	138
Profit after tax (£m)	28.1	48.4	58.4
Dividends per share (pence)	1.5	1.7	1.9
Dividends per share (pence)	5.25	7.5	8.25

Net assets per share (pence)

Share price (pence)

Source: Thomson

Dec 1993 Dec 1994 Dec 1995 Dec 1996

1994 1995 1996 1997

### Company Results

Company	Revenue £	Pre-tax £	EPS	Dividend
Advest (I)	102m (222m)	6.28m (-1.98m)	5p (3.3p)	2.3p (2.3p)
Bathurst (I)	13.1m (9.54m)	0.50m (1.54m)	1.1p (3.4p)	- (-)
Brownie Dolphin (I)	41.5m (34.5m)	5.03m (4.21m)	14.2p (13.5p)	8p (7p)
British Aerospace (I)	6.48m (5.74m)	425m (234m)	67.1p (27.4p)	15.625p (12.5p)
Card Clear (I)	5.73m (4.42m)	1.08m (0.11m)	1.23p (0.14p)	nil (-)
Capital Shopping (I)	133m (104m)	58.4m (48.4m)	11.8p (10.7p)	8.25p (-)
CredaCare (I)	46.5m (43.0m)	5.3m (2.9m)	5p (0.9p)	0.95p (0.88p)
Digital Group (I)	- (-)	12.3m (0.02m)	33.05p (25.49p)	nil (-)
Dunelm Hunter (I)	50.7m (44.2m)	8.85m (7.17m)	16.99p (14.43p)	7.2p (6p)
Edinburgh Group (I)	88.9m (67.5m)	2.6m (2.9m)	4.68p (5.41p)	4p (3.85p)
Intermark (I)	146m (130m)	2.5m (0.3m)	2.5p (1.1p)	5.75p (5.75p)
ISA International (I)	243m (211m)	7.87m (6.25m)	12.4p (9.9p)	2.86p (2.38p)
Logica (I)	148m (128m)	10.5m (9.0m)	11.7p (9.8p)	3.6p (3p)
Mayflower Corp (I)	273m (202m)	17.8m (7.3m)	5.32p (2.5p)	2.25p (-)
Pifco Holdings (I)	21.7m (21.3m)	1.82m (1.58m)	8.9p (8.0p)	2.5p (2.5p)
Reasberry (I)	113m (88.2m)	7.05m (4.01m)	17.7p (11.5p)	7.8p (-)
SpS Group (I)	18.8m (13.2m)	2.95m (2.23m)	10.8p (9.47p)	4p (3.4p)
Refined (I)	250m (198m)	4.28m (2.90m)	8.37p (6.05p)	2.88p (-)
OneLife Movers (I)	0.81m (0.48m)	0.52m (0.45m)	5p (0.1p)	4p (3.5p)
Standard Chartered (I)	- (-)	870m (881m)	55.5p (45p)	14.5p (-)
Tevry Lane (I)	7.88m (7.88m)	-1.18m (-1.47m)	-5.8p (4.8p)	nil (-)
Frank Usher (I)	10.5m (11.0m)	1.05m (1.14m)	9.7p (11p)	4p (4p)
Vardon (I)	77.4m (52.8m)	11.8m (9.1m)	7.8p (7.6p)	1.9p (1.65p)
Westport Group (I)	2.74m (3.87m)	-0.08m (0.01m)	-2.5p (0.07p)	- (-)
Whitney-MacKay Lewis (I)	1.14m (1.28m)	-0.08m (0.11m)	-1.4p (1.6p)	- (-)
Zalehouse (I)	21.4m (22.2m)	0.80m (7.18m)	12.8p (13.1p)	6p (5.4p)

(I) = Profit (I) = Interim (I) current figure (I) = previous figure (I) = previous figure

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## Institutions step in to temper the Greenspan factor

**J** Sapphires have been found in the Emerald Isle. A joint-listed Cambridge Mineral Resources broke the news yesterday as it announced plans to go to the APM market next week. It was the discovery of small natural sapphires and diamond indicator materials in the Inshore licence area of Co. Donegal were "highly promising" and "angry well for the planned future exploration programme". The shares were unchanged at 16p.

**S** Shares in Hanover International closed a penny off their record high of 160p.

**B**roker Greig Middleton reckoned the hotel group, formed in 1987 following the takeover of Cambridge Group, offers excellent value given significant upside potential in both room rates and occupancy. The prospective p/e ratio of 12 is less than nine in 1998.

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# Our price yardstick may not be giving good measure

The Irish Chancellor in waiting, Gordon Brown, has committed a Labour government to sticking to the present 2.5 per cent inflation target. So far, so good, but the pledge comes at a time when central bankers are increasingly uncertain about exactly what inflation is. It's not that they are becoming less hawkish about price stability, but rather that they think inflation is getting harder to measure.



Diane Coyle

The idea of an inflation target could be on its way to becoming unworkable - just as Gordon Brown has embraced it wholeheartedly

The starting point is the Boskin Commission in the US. This group of distinguished economists recently published a report commissioned by the Senate Finance Committee which claimed that consumer price inflation is overstated by 1.1 per cent a year.

There were three main components of this upward bias the commission discovered in measured inflation. One, the consumer price index does not take account of the fact that when the price of one good goes up people will switch to cheaper goods. If fish becomes dearer, people eat more chicken. Unlike Britain's retail price index, whose components are updated once a year to take account of this substitution and changing tastes, the US CPI does not.

Secondly, far more shopping is done at discount stores, where as the official price index takes no account of discounts. This adds about 0.1 per cent a year.

the American statisticians do take account of quality changes, the commission said this effect added another 0.6 per cent a year to measured consumer price inflation. Like a large stone lobbed into a millpond, the Boskin report has sent ripples of excitement through the world of economics. Last March the Bank of England published a working paper estimating that the "plausible range of bias" in the UK's RPI was 0.35-0.8 per cent. Following the Boskin report, both the Treasury and the Bank of England are revisiting the UK figures to see if the upward bias here might be greater than they had thought.

Why the excitement? Surely it is a good thing if inflation has actually been lower than we thought all along? The answer is that if measured inflation has

these inherent flaws, having an inflation target might be the wrong monetary policy. This is not just a matter of setting the target at the wrong number - say 2.5 per cent when it ought to be 3.5 per cent. There is a conceptual problem, too.

This was eloquently expressed by Alan Greenspan, the Federal Reserve chairman, in a speech in early December. "It is worth noting that at a time when the range of goods and services available increases dramatically or there are sharp improvements in quality. Before getting too carried away with this, it is worth noting that the Boskin Report has some vociferous critics. In an article in the current issue of the *New York Review of Books*, left Madrick points out that much of the report's evidence is anecdotal rather than analytical. The figures are based on conjecture - he quotes Zvi Griliches, a Harvard economist and member of the commission, describing them as "squishy".

In addition, he notes, the Bureau of Labour Statistics, which compiles the CPI, already makes quite a big adjustment for quality change. Without its quality adjustments, reported inflation in 1995 would have been 4.7 per cent rather than the actual 2.5 per cent. It might be considered stretching things to make another 0.6 per cent adjustment down.

of which they might use a tiny part and some nothing for repeated use of more computer intelligence.

Mr Greenspan went on to argue that a general sense of the purchasing power of money over time remains, so measurement procedures will probably improve. The difficulty is what to make of the CPI or RPI at a time when the range of goods and services available increases dramatically or there are sharp improvements in quality. Before getting too carried away with this, it is worth noting that the Boskin Report has some vociferous critics. In an article in the current issue of the *New York Review of Books*, left Madrick points out that much of the report's evidence is anecdotal rather than analytical. The figures are based on conjecture - he quotes Zvi Griliches, a Harvard economist and member of the commission, describing them as "squishy".

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The goods for which the quality issue is most relevant - new electronics products - account for only about 2 per cent of consumer purchases. Besides, some quality changes work in the opposite direction. Some consumer goods, such as cheap household electrical items like toasters and kettles, have become shoddier and more disposable.

# A fat prize for the fastest in sport - and a fine for latecomers

## PEOPLE & BUSINESS



Flying start: Tony Underwood, the England rugby union wing, is a front runner for the Green Flag 'speed' award

Green Flag, the NCP-owned roadside assistance company formerly known as National Breakdown, celebrated a quarter century of service this week with a sports promotion on the theme of speed.

The company will award £5,000 each to the fastest motorist in the English and Scottish football leagues, the fastest try-scorer in club Rugby Union, the fastest 50 in any of the county cricket competitions and the fastest sprint performance in athletics during the coming seasons.

Green Flag launched the wheeze with champagne, Bangalore-brewed beer and brynies at the Bombay Brasserie in South Kensington.

Following up their theme of prompt arrival, they offered speedy motorists, who were forced to attend the function far from their usual watering holes, £10 if they arrived within 35 minutes of the start of the bash. This is the average time it takes Green Flag breakdown vans to get to stranded motorists, apparently. They also fined anyone more than an hour late £10.

I am pleased to say that no fewer than nine of the 36 needy scribes who qualified for a free tennet promptly donated it to charity (including your own correspondent, of course). Another six latecomers agreed to be fined.

Iain Cheyne, the solicitor turned banker at Lloyds TSB who negotiated the rescue three years ago of Canary Wharf and the Jubilee Line extension, is sweeping his corporate work for the top job at Lloyds' international banking division.

Mr Cheyne, whose steely-eyed inquisitorial style conceals a dry wit, is currently a general manager of corporate and institutional banking. His new job will be dealing with leading to companies, this time in places such as Latin America and New Zealand.

He is also, for his sins, deputy chairman of Crestone, the automated share settlement system that has creaked

into action over the last year. In 1994 he got a CBE for his role leading the 11-strong banking consortium which rescued Canary Wharf, *The Independent's* home, from bankruptcy. He also played a key part in negotiating with the Government over who should pay what for the Jubilee Line extension, without which the Docklands development would remain a white elephant. The extension is due to open on time next year.

banking world to rights, Mr Cheyne, 54, relaxes with his second love, archaeology. Each year he takes his trowel off to various classical sites in Greece. Perhaps he could kill two birds with one stone and open a branch there.

Alan Greenspan, chairman of the Federal Reserve, warned about inflationary pressures yesterday and all the stock markets in the world took a dive.

The sheer influence that Mr Greenspan wields is well charted in *Back from the*

brink: *The Greenspan years*, a biography by Steven K. Beckner to be published on 6 March.

The author himself has achieved notoriety in New York markets through "the Beckner Effect." Mr Beckner has close contacts with the Fed, including Mr Greenspan, so when he writes about the Fed's intentions on the Market News Service, the markets move.

In the book Mr Greenspan is portrayed as an intellectual who eats, breathes and dreams economics. He spends much of his time poring over obscure data about truck output prices in Des Moines and the like.

Heartening, then, to learn that he once played saxophone professionally, with the Henry Jerome swing band in the 1940s.

British Chancellor Ken Clarke is also a keen jazz fan, and apparently regrets that he never got round to learning how to play the sax. In view of Mr Greenspan's startling ability to deliver low-inflationary growth, perhaps he should.

Philip Gibbs, the analyst specialising in merchant banks who has come top of the rankings more times than you could shake a stick at, is leaving BZW for Jupiter Asset Management.

Having spent the last six and a half years at BZW, he feels that "fund management suits my skills - and it's a growth industry. I'm sad to leave BZW."

John Duffield, the cardiganed eccentric who built Jupiter and sold it to Commerzbank, has kept his offices in Knightsbridge, so Mr Gibbs will have quite change of scene from the City when he moves in April.

Will he actually get his hands on managing funds? "I'll be advising on the financial sector. We hope to launch a financial trust at some stage," he said.

John Willcock

Country	Spot	1 month	3 months	6 months	1 year
US	1.6342	10.8	31.28	1000	0.9567
Canada	2.2328	54.48	154.56	13899	34.28
Germany	2.7384	60.81	185.95	16376	40.87
France	1.6342	217.18	640.83	55229	86.91
Italy	2.7384	20.36	60.83	16372	22.29
Spain	1.6342	65.21	195.72	16372	40.87
UK	1.6342	217.18	640.83	55229	86.91
Japan	1.6342	217.18	640.83	55229	86.91
Switzerland	1.6342	217.18	640.83	55229	86.91
Netherlands	1.6342	217.18	640.83	55229	86.91
Belgium	1.6342	217.18	640.83	55229	86.91
Australia	1.6342	217.18	640.83	55229	86.91
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Australia	1.6342	217.18	640.83	55229	86.91
New Zealand	1.6342	217.18	640.83	55229	86.91
Saudi Arabia	1.6342	217.18	640.83	55229	86.91
Singapore	1.6342	217.18	640.83	55229	86.91

Country	Spot	1 month	3 months	6 months	1 year
US	1.6342	10.8	31.28	1000	0.9567
Canada	2.2328	54.48	154.56	13899	34.28
Germany	2.7384	60.81	185.95	16376	40.87
France	1.6342	217.18	640.83	55229	86.91
Italy	2.7384	20.36	60.83	16372	22.29
Spain	1.6342	65.21	195.72	16372	40.87
UK	1.6342	217.18	640.83	55229	86.91
Japan	1.6342	217.18	640.83	55229	86.91
Switzerland	1.6342	217.18	640.83	55229	86.91
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Energy		Gas oil (W/barrel)		Gas oil (W/barrel)	
Brent Crude (W/barrel)		"chq W/gal		FIP close "chq	
FEB 530pm					
Mar	1850	+002	Mar	165.76	
Apr	1857	+301	Apr	162.25	
Jun	190	+004	May	162.25	
Vol: 30770		Index: 18.46	Vol: 1579		
*WFO 2:00pm previous day. Year ago prices missing for Feb.					

Commodity Indices		
	Base date	+Spot
Index:	1970=100	19108
Agricultural	1970=100	24248
Energy	1970=100	6722
Industrial Metals	1970=100	33449
Livestock	1970=100	19538
Precious Metals	1970=100	24927







## sport

## British rugby must protect its core values



As leading rugby union administrators, coaches and players prepare to attend a seminar on the game's future in London tomorrow, **Mark Bailey** (left), a former England international and current member of the RFU national playing committee, argues that preserving the best of the past will ensure future success

The future of rugby union in Britain is not a subject on which any sane person should pronounce with any certainty or confidence. So here goes.

Most sports evolve in a more or less predictable manner, but not rugby union. The decision in August 1995 by the International Rugby Football Board to abandon forthwith a century of amateurism did nothing to promote stability or evolution. It was like throwing open the doors of Fort Knox and expecting the money markets to remain calm.

Not surprisingly, the ship of British rugby was thus cast upon stormy seas, although the shrewd matelots of the Antipodes had anticipated the changing climate and battened down their hatches. Since then, the British ship has endured mutiny from all quarters and has been taking a course across variable winds with little sense of its final destination.

To some extent, that destination will be determined by the game's capabilities and qualities. So what are the attributes of British rugby?

Although it seemed unlikely a few weeks ago, one welcome quality is the establishment of some semblance of political stability within the game. The

recent outbreak of peace between the English Rugby Union and the leading clubs provides a vital context for any future progress. Who knows whether future mutineers still lurk below deck, but for the moment the smiles appear genuine.

Relative to other sports, British rugby enjoys a fresh image, untarnished by scandal. The recent political rows have meant that this image is currently more six o'clock shadow than clean cut, but this is nothing that a public relations company could not rectify.

The game has a popular and captivating showcase in the Five Nations' Championship. Even the club scene has been revived and spiced by a combination of new money and the Bosman ruling. There is a distinct snap of expectation in the air. British rugby's final attribute is perhaps the least understood. The game attracts a degree of interest from commercial and television companies which is disproportionate to its spectator base. International matches apart, attendances at leading matches do not readily square with the vast amounts of money invested in rugby.

The key to understanding this

paradox lies in the type of people who follow rugby. One report claimed that nearly three-quarters of ABC1 males in the South-east watched the broadcast of the 1995 World Cup semi-final between England and New Zealand. Find an ABC1 audience and you will find blue-chip companies queuing to promote their wares.

This diversion into British rugby's current attributes is important, because it helps to define those qualities which the game should defend as it considers its future. First, because these are the qualities which

distinguish it from other sports. And, second, because these peculiar qualities are the guarantee of its future financial security.

Clearly, the future of British rugby does not have to conform to any detailed blueprint and it is not necessary for us to predict the exact nature of the game in 10, 20 or indeed 50 years' time.

To define closely where the game must or might progress and to hold that vision rigidly would be reckless, because the range of variables affecting, or likely to affect, professional rugby is too great.

So, it is better to state the things we do not want to happen in the future, rather than be dogmatic about those we do want to occur.

First, the traditional closeness between the English, Welsh, Scottish and Irish unions must not be destroyed. Their interdependence is central to maintaining the unique attraction of the Five Nations and the playing strength and spirit of the British game.

However, it would be foolish to equate interdependence with introspection, and individual countries must also be allowed to develop

closer links with, say, the rugby powers of the southern hemisphere. A balance must be struck between the desire for self-development and each union's obligations to their collective roots.

Secondly, the image of rugby must not be tarnished. Modern professional sport is expected to be business-like and profitable, yet, unlike businessmen, its exponents are expected to exhibit the old values of sportsmanship. This paradox creates enormous demands, but it remains the essential difference between business proper and the business of sport.

As suggested earlier, British rugby enjoys a strong image, one which is largely responsible for the game's popularity with those vital blue-chip sponsors and ABC1 spectators. So the game must rigorously enforce standards of behaviour and discipline on issues such as violence, corruption and drug abuse. If such standards can only be guaranteed by strong and independent governing bodies, then they should be given the requisite powers to enforce them.

Thirdly, rugby must ensure that its growing dependence on commercialism does not become excessive. It is well known that commercialism

chases winners in sport and thus has the potential to create disproportionately high rewards for a tiny elite. It also tempts players and administrators to their sponsors which may conflict with their obligations to opponents or the game.

If left unchecked, commercialism will destabilise British rugby by skewing the distribution of wealth excessively into the hands of the few. While it is entirely appropriate that the successful are amply rewarded, there is little point in courting commercialism unless a decent proportion of the money is invested for the broader benefit of the game. Rugby must ensure that its infrastructure and grassroots are nourished.

This list of objectives is negative: it focuses upon what must not be lost in the future rather than what must be achieved. It also lacks a plan that outlines how these objectives are to be attained. It is put forward in the hope, but not the expectation, of British rugby can retain a sense of its special qualities in a period of rapid and revolutionary change.

Mark Bailey won seven caps for England between 1984-90 and is a Fellow of Corpus Christi College, Cambridge

## Rugby union in the professional era: how the game must adapt

Rugby union in Britain is at a crucial point in its history as the sport attempts to adapt to the challenges of the professional era.

A seminar in London tomorrow entitled "Rugby's future - a discussion on the state of the game" will address the key issues. Chaired by Cliff Morgan, the former Welsh international and British Lion, it will offer all those who attend - including players, coaches, administrators and fans - a chance to air their views.

Among those speaking at the seminar, which is organised by Rugby News magazine in association with the Independent, will be:

Kary Hellest, secretary of the Rugby Football Union, who will explain how the RFU has handled the changeover from amateurism; Dan Rooney, president of the Pittsburgh Steelers, who believes that rugby should learn the lessons of the American football experience;

Nick Farr-Jones, the former Australia captain, who will discuss what the players can expect in a professional future;

Jon Callard, the Bath and England international full-back, who is concerned about the needs of the game at school's level;

Peter Johnson, director of rugby at Redruth, who will speak for the clubs in the regions. All available tickets for the seminar have now been sold.



Front-page footballers: The Preston works team of Dick, Kerr's Ladies whose international against France 77 years ago today was a major event Photograph: Lancashire Evening Post

## When Ladies of Preston ruled the world

It is hard to imagine any circumstances in which today's women's football match between England and Germany at Preston would make the front pages of tomorrow's *Mirror* newspaper.

Yet, when Deepdale staged the first international in the women's game 77 years ago - between a French side and the Preston works team of Dick, Kerr's Ladies, who were, effectively, England - the mass circulation newspaper led with coverage of the occasion.

"French girls lose their first football match," read the banner headline in the *Daily Mirror* of Saturday 1 May, 1920. Other picture stories - a society divorce, a shooting incident in Cheshire - are run underneath four photographs of the match, which include nine of the rival captains greeting each other in the centre circle with a kiss.

"The visitors," the report

says, "received a tremendous reception." A crowd of 25,000 saw the home team win the first of four challenge matches 2-0 through goals from Jennie Harris and their prolific forward, Flo Redford.

The French players - a collection of shop assistants, dental students and shorthand typists aged between 18 and 25, brought over by the Federation of Feminine Sports - had been cheered like a returning Cup final team as they made their way from Preston station to their hotel in the centre of town, the Bull and Royal.

The home side, made up of women workers from the local tramway engineering factory of W.B. Dick and John Kerr, ran the French defence "to a standstill," according to the *Lancashire Evening Post* report.

Harris, Redford and the Dick, Kerr's captain, Alison Kerr, were singled out for praise. All three played a key part in the

As England play host to Germany today, **Mike Rowbottom** looks back at a golden era for women's football

subsequent challenge matches at Stockport where the home side won 5-2, Manchester (1-1) and Stamford Bridge, where the French triumphed 2-1.

The tradition of flamboyant Continental keepers was clearly established even at this early stage in the game's history. The French custodian, Mme Curry, was described by the *Post* as being "alert and competent, frequently gaining the applause of the crowd". Both she and Carmo Pomes - "one of the most splendid players on view" - played for Dick, Kerr's Ladies in later years.

Pomes, who fought for the French Resistance during the Second World War, lived in Preston for much of her life. At the end of the match, spec-

ulators swarmed on to the pitch and carried Harris - "taken to the hearts of the crowd by her skilful play" - shoulder high from the pitch.

Mme Milliat, the French manager, said she had never seen such a big crowd at a match, adding that it surpassed the numbers who attended men's fixtures in Paris.

Women's football - which had thrived during the First World War when many teams of factory workers had sprung up to raise money for charity - was indeed phenomenally popular. Later in 1920, on Boxing Day, a match at Goodison Park - which saw Dick, Kerr's Ladies beat their closest rivals, St Helens Ladies, 4-0 - was witnessed by 53,000 people, until

very recently the largest crowd recorded for a women's game.

That figure exceeded by 3,000 the number who had watched the men's FA Cup final of that year between Aston Villa and Huddersfield at Stamford Bridge.

On 5 December in the following year, the Football Association banned women from playing on Football League grounds, a state of affairs which lasted for 50 years.

"Complaints have been made as to football being played by women," the FA said. "The Council feel impelled to express their strong opinion that the game of football is quite unsuitable for females and ought not to be encouraged."

Gail Newsham, author of a fascinating book on the Dick, Kerr's Ladies - *In A League Of Their Own* (Pride of Place Publishing, 1994) - describes the FA's actions in 1921 as "a carve-up job", adding: "They were

frightened of the opposition."

Although women's teams were forced to play for many years on recreation fields, their matches still gathered large crowds. Dick, Kerr's Ladies, formed for a charity match on Christmas Day 1917 by women who played in the factory yard during break times from their work making munitions, continued until 1963.

The team manager, from 1917 until his death in 1957, was Alfred Frankland, a draughtsman, who demanded of his women players high standards of decorum, punctuality and clean boots.

They played a total of 828 matches, drawing 46, losing 24 and winning 758, defeating opposition on tour in America, France and Canada. The official estimate of their earnings for charity was £175,000.

It was with some justification that they described themselves as "champions of the world".

## De Glanville shuns old approach

CHRIS HEWITT

Brian Moore would have detected more than a whiff of rank hypocrisy about Phil de Glanville yesterday. The England captain's public abandonment of the psychological warfare techniques so successfully deployed against the French in recent years must have left the infamous "Pitbull" wondering whether the rugby world he used to inhabit still existed.

Moore was a master of the wind-up during his long reign as England's front-row kingpin; indeed, he dedicated so much of his international career to getting under the skins of the most volatile Tricolours that the Parc des Princes faithful nicknamed him "the splinter".

His description of the French side as "fifteen Eric Cantonaos" was just about the most conciliatory comment he ever voiced on his favourite subject.

De Glanville wants things done differently. "The mental element is not the key factor it once was," he said before yesterday's training session at Bisham Abbey. "The French have massively improved their own discipline - I don't think the old edge of nastiness has been there over the last couple of years - so I'm not sure how much mileage is left in the old approach."

"As far as I'm concerned, we're not attempting to get under anyone's skin and there will be no wind-up process. I think you'll find that although they don't emphasise it as a public, players like Mark Regan have every bit as much desire as Brian Moore brought to the England camp. There is a quieter aura about the pack these days; they prefer to do their talking on the field rather than off it."

The captain did, however, accept the need for greater ruthlessness from his side. "We're not as clinical as we would like to be in terms of finishing," he said. "Ruthlessness comes from experience and confidence and this is still a relatively new side. We're moving forward with each game but we need to accelerate our development and improve our strike rate against the French because we know we will get less scoring chances against them than against either Scotland or Ireland."

Up at the sharp end, Franck Tournaire, of Narbonne, takes over the tight-head berth from Jean-Louis Jordana after completing a one-match suspension for kicking Irish hooker Allico Clarke during the Five Nations opener in Dublin. But perhaps the most intriguing selection is that of Oliver Magne, the explosive wing forward from Dax, on the open-side flank.

Magne impressed a number of very good judges when he fairly piled into Bath during a highly-qualified European Cup match last October and his emergence alongside Abdel Benazzi, the extravaganza gifted French captain, to move across the back row to his favoured position of blind side. Another Dax forward, Fabien Pelous, stays at No 8.

Paul Flavin was yesterday named as the replacement for Nick Poppicewell at loose-head prop in Ireland's side to face Scotland at Murrayfield on Saturday. The Blackrock College player was promoted from the Ireland A side after Poppicewell withdrew with a hamstring strain.

England call-up for Botham

Liam Botham, son of the former England cricket all-rounder, has been called into the Under-21 squad to play France at Leicester tomorrow.

Botham, a centre with West Hartlepool, will be on the bench after replacing Joe Ewens. The 20-year-old has dedicated himself to rugby after making a promising cricketing start with Hartlepool last summer.

The Scotland and Ireland lock Stewart Campbell has with-

drawn from the Scotland A team to face Ireland A at Myreside tomorrow and is replaced by Scott Murray of Bedford.

Swansea have lodged a complaint with the Welsh Rugby Union over the selection of two of their players in Wales' squad for the Hong Kong Sevens. Both Scott Gibbs and Colin Charvis are due to play in the event, but it clashes with Swansea's Swales Cup quarter-final with Neath on 22 March.

## Rozental out for season

The Rangers striker, Sebastian Rozental, may be out for the rest of the season with a knee injury after less than an hour's football for the Ibrox club.

The Chilean, who cost Rangers £4m two months ago, sustained medial ligament damage last month, playing in his second game for the Glasgow side after his transfer from Universidad Catolica, and had an operation after breaking down in training on Tuesday.

Ray Wilkins, the former England midfielder, yesterday joined Leyton Orient on non-contract terms. The 40-year-old was most recently at Millwall.

The Everton midfielder, John Ebbrell, has rejoined his former manager, Howard Kendall, after completing a £1m move to

Sheffield United. The Blades also hope to sign the Georgian international playmaker, Temur Ketsubala, from AEK Athens for £1.5m. Kendall was in Greece last night trying to finalise the move.

Phil Starbuck became Neil Warnock's first signing for Oldham when he arrived on loan from Sheffield United yesterday - but the striker badly damaged an Achilles tendon during his first training session with his new team-mates. Alan Miller, the Middlesbrough goalkeeper, is joining West Bromwich Albion on loan with a view to a permanent transfer.

Aston Villa are prepared to sell their central defender Carl Tiler. The former England Under-21 international was

signed from Nottingham Forest for £750,000 16 months ago.

AFC Bournemouth's request to form a new company has been rejected by the Football League - but the League softened the blow by confirming that it was willing to allow the club - who called in the receivers last month with debts of £4.5m - to play out the season.

Coverage of next month's FA Cup quarter-final between Chesterfield v Wrexham may not be restricted to BBC Wales. If the Football Association gives its approval, it will become the first British football match to be broadcast live on the Internet. A London consultancy, The Networking Partnership, is hoping to do a deal with the FA.

Alan Shearer's third groin operation in 10 months has been hailed as a success. The England captain had the operation in London yesterday and left hospital to return to the North-east.

Newcastle's press spokesman, Graham Courtney, said: "Alan is out of hospital and is heading home to rest up. There were no complications with the operation. It's gone well."

Newcastle are reluctant to speculate about how long it will be before Shearer returns to action but must be hoping he recovers as quickly as he did after his previous two operations. Shearer was ready in time for Euro 96 after having his first operation at the end of April. The second operation came in the wake of Newcastle's

5-0 win against Manchester United in October - and he was back just over a month later for the 1-1 draw at Chelsea.

Courtney added: "After the last operation, Alan was walking OK within a couple of days and then started doing exercises. It will be a case of him building his strength up bit by bit."

The basic rules of football are set to be redrafted for the first time in almost 60 years at the International Football Association Board's annual meeting in Belfast on Saturday.

If proposed modifications are accepted, throw-ins back to the goalkeeper will be outlawed and keepers will be free to move along their line when facing penalties.

Fifa, the sport's world gov-

erning body, said yesterday that the board will be reviewing the revised text of the "Laws of the Game" - the 17 basic rules of football. The rules were last rewritten in 1938 by Sir Stanley Rous and have become cumbersome with additions and amendments over the years.

The IFAB and Fifa hope to introduce some measures to speed up the game at the same time as the rules are re-worded. Under proposed changes, a "five-second rule" will be introduced to prevent goalkeepers from wasting time by holding on to the ball, goals will be possible direct from kick-offs or goal-kicks, and the ball will be in play as soon as it moves and will no longer need to travel its own circumference.

Fifa, the sport's world gov-



# 'In those days there was a signing-on fee of £10 and, typically, Stan Cullis replied that he couldn't be sure I was worth it'

Football is now so money driven, so caught up in the process of seven figure multiples and salaries to dwarf what people get for running countries, most supporters today must find it hard to believe that there are living examples of a different philosophy.

What, for example, are they to make of Bill Slater, who turned out as a 24-year-old amateur for Blackpool in the 1951 FA Cup final against Newcastle on the understanding that he would make it back to Carnegie College in Leeds before midnight?

Unable to attend the customary club banquet, Slater travelled back north on a train packed with supporters celebrating Newcastle's 2-0 victory, none giving him a second glance. "My problem was that we

were only allowed two weekends off during term time, and I'd used up both mine when Blackpool selected me to play at Wembley as a replacement for the regular inside-left, Allan Brown, who broke a leg in the semi-final." Slater said last week during a long conversation we had on a rail journey from Liverpool to London.

I came across Slater sitting alone in what started off as a near deserted carriage and, rather foolishly in view of what I knew about him, asked if he had been watching the match between Liverpool and Blackburn at Anfield. A tall, lean man, now in his 70th year, Slater had in fact been attending a conference as chairman of the British Amateur Gymnastics Association.

It was soon clear that Slater has

lost none of the earnestness that characterised him as a player, and is understandably proud of his sporting achievements along with those of his daughter, Barbara, now a BBC television producer, who represented Great Britain as a gymnast at the 1976 Montreal Olympics.

The reason for this tale, and being a modest sort of guy Slater might be embarrassed by its telling, is that few alive today can look back on a career in football that captures more vividly the difference between what used to be and extravagances the majority of people today have come to accept as normal.

Older readers may recall that Slater, who went on to play as a part-time professional, appeared for England in the 1958 World Cup fi-



KEN JONES

nal, and was voted Footballer of the Year in 1960 as centre-half and captain of Wolverhampton Wanderers when they defeated Blackburn in the FA Cup final.

It is events leading up to those distinctions that show how greatly

football has changed since Slater's potential first came to Blackpool's attention.

Blackpool agreed to cancel Slater's amateur registration when he moved south to be near his future wife, who lived in Ealing, but in keeping with way things were in football then, there was no immediate prospect for a footballer whose c.v. included an FA Cup final appearance alongside such notable figures as Stanley Matthews and Stan Mortensen.

Taking along a reference from Blackpool, and holding out no great hopes for himself, Slater approached Brentford, the nearest League club to Ealing. "The manager, Jack Gibbons, gave me a trial and I got into the first team making up a half-back line with Ron

Greenwood and Jimmy Hill," he said.

Qualified by then as a lecturer in physical education, Slater took up a post in the Midlands and got in touch with the famously stern Wolverhampton manager, Stan Cullis, presenting a letter of recommendation from Brentford. "I told Stan that I was looking for a game no matter which of the Wolves teams I played for," he said. "Stan, who was a decent man beneath that gruff exterior, said bluntly that he wasn't interested in players who weren't set on making the first team."

Proving his worth in yet another trial - by then he had also played for Great Britain in the 1952 Helsinki Olympics - Slater was soon turning out regularly in the First Division

and after a while decided that he might as well get paid for playing. "I cleared it with my employers and put the idea to Stan," he said. "In those days there was a signing-on fee of £10 and, typically, Stan replied that he couldn't be sure I was worth it. My goodness, when you think of what players get now."

As the train approached London, I introduced Slater to a couple of football writers who are making their way in the business. They were respectful although doubtless the name meant no more to them than it would have done to the players of Dover Athletic, who were also on the journey. Probably, it does not matter very much, but in not showing up sooner, my young colleagues missed an opportunity to broaden their education.

## Rolph in form for medal quest

### Swimming

Susan Rolph will be determined to make up for her winter's frustrations when she leads Britain's medal quest at the World Short-Course Championships in Gothenburg in April.

The versatile 18-year-old has been in fine form during recent months. She leads the world 200 metres individual medley rankings, won the 100m and 200m medley titles at the European Short-Course Championships in Rostock in Germany in December and finished runner-up in the medley category during the World Cup series in January and February.

Yet that list of impressive achievements disguises a number of disappointments for the Newcastle-based sports science student. At Rostock, Rolph's winning time in the 200m medley of 2min 10.60sec equalled the European "best time" set by East Germany's Petra Schneider in 1982, and should have earned her a bonus of £2,000 which was on offer for record-breakers at the championship.

However, European Swimming League officials decided not to award Rolph the prize-money, nor register her time as a record, claiming that their rules stated that "best times" had to be bettered, not equalled, in order to be recognised.

Then, during the World Cup series, Rolph was unbeaten over 100m and 200m medleys but, because she did not compete in one of the required "off-Continent" meets in either Hong Kong or Peking, Rolph only acquired enough points to finish joint runner-up in the overall medley rankings behind Sabine Herbst of Germany.

However, with her Rostock time of 2:10.60 still leading the world rankings, Rolph must feel she has every chance of making up for those disappointments in Gothenburg.



Dominic Cork makes his ground to tie the scores as a throw off the game's final ball misses the stumps in the third one-day international in Napier yesterday. Photograph: Empics

# England slip up but get by with tie

**Cricket**  
MARK BALDWIN  
reports from Napier

England have guaranteed there will be no repeat of their Zimbabwe experience after losing the third one-day international against New Zealand yesterday.

England needed eight runs off the last over, and the bye scrambled off the last ball by Dominic Cork, after Darren Gough had swung and missed at Geoff Allott, means England are 2-0 up with only two matches left in the one-day series.

England, in truth, should have won, especially after Robert Croft had struck the fourth ball of Allott's final over to the midwicket ropes.

That was the first ball Croft had faced - he had arrived at the crease after Craig White had been run out for 39 attempting a second leg bye. Despite a situation where only two runs were needed from two balls, Croft stepped away to leg and tried to carve his second ball square.

The result was that he was bowled off stumps, when he merely needed to make sure of getting bat on the ball so that a single could be taken to level the scores.

As it was, Gough came in to join Croft needing to hit a two for victory - and only Croft's 22 yard dash, plus the failure of the wicketkeeper Lee Gernon to hit the stumps with his throw, enabled England to come away with something.

There seemed to be a little confusion at the end about whether the side losing the least wickets might win in the event of a tie, but Atherton said: "We were aware in our dressing-room of the situation and the incoming batsmen in that last over knew the rules."

Graham Thorpe began England's recovery from 127 for 5 with a 61-ball 55, before White and Cork kept their heads impressively during their 58-run stand.

It was a good day for the Yorkshire all-rounder White, who earlier had picked up 4 for 37 on his return to the England line-up, profiting from New Zealand's attempts to score as large a total as possible.

Darren Gough was the pick

of England's attack, but Croft was again dependable and Somerset's Andy Caddick delivered the most telling spell by picking up 2 for 10 in five overs as New Zealand, like England, fell away in the middle order after a rapid start.

Atherton admitted he was "slightly disappointed" not to have won the match, having fought hard to get into a winning position, but he added: "I think we had the worst conditions because I lost the toss and that meant New Zealand getting the chance to bat first. In day-night matches here the side batting first does have a slight advantage, but halfway through our innings I would have settled for needing 21 runs from the last three overs."

**Napier scoreboard**

Team	Score	Wickets	Over
NEW ZEALAND	127	5	20
ENGLAND	127	5	20

## Henman service back in groove

### Tennis

Tim Henman, giving one of his best performances of the year, beat the Romanian Adrian Panaitescu 6-1, 6-2 in the first round of the Italian Indoor Championships in Milan yesterday.

The British No 1 took the first set in 20 minutes with breaks in both the second and sixth games and then broke Panaitescu twice more in the second to win in less than 44 minutes.

Throughout Henman hit the ball with authority, but the most impressive thing was his serving. Last week, despite reaching the final of the European Community Championship in Antwerp, his service fell apart.

Today 67 per cent of his first serves were successful and Panaitescu, whose head went down very early against his opponent's crisp hitting, had no answer.

Henman now faces the Czech Petr Korda in the second round and should be confident of another success, having beaten Korda in the Australian Open 13 months ago. Henman, No 14 in the world, is now looking for a place in the top 10.

Andre Chesnokov, his screams of pain echoing throughout the arena, broke his leg during a first-round defeat to Australian Todd Woodbridge at the Advanta Championships in Philadelphia on Tuesday. Woodbridge had won the first set and was leading 2-0 in the second when Chesnokov chased the ball behind the baseline and then suddenly toppled to the floor. "I heard an enormous crack and I heard him screaming," Woodbridge said. "Of course, I was on the other end of the court and I think he must have broken his ankle joint. It was horrible, a shock for me. I never saw anybody do that before."

Chesnokov, who was 30 earlier this month, has won seven career titles and was once ranked as high as No 9 in 1991.

## Simms resigns at Halifax

### Rugby League

Steve Simms has resigned as coach of Halifax in the wake of his side's Challenge Cup defeat by First Division Keighley on Sunday, writes Dave Haffield.

Simms has been at Thrum Hall for two and a half years, but said yesterday: "I've taken the club as far as I can and the time is right for some new blood to be brought in to breathe new life into the firm foundations that have been put in place."

Sunday's Cup exit, after scraping through against Hull

KR in the previous round, was a bitter blow and if Simms had not resigned he may well have been sacked.

David Hobbs, Halifax's football manager, has taken temporary charge of team affairs, but is not thought to want the coaching job permanently. The prime contender for the vacancy must be Graeme West, who split with Wigan last week.

Castleford have put their Great Britain tour scrum-half, Tony Smith, on the transfer list at £150,000. Hull have renamed themselves the Hull Sharks.

### FOOTBALL RESULTS

**Yesterday**  
AVON INSURANCE CONVENTION First Division: Birmingham 0 Oxford 0; 2: Cardiff City 0 Southampton 0.

**INTERNATIONAL FRIENDLIES (Flat Andy):** Israel 0 Germany 1; 0:00:00. Philadelphia 0:00:00. 1:00:00. 2:00:00. 3:00:00. 4:00:00. 5:00:00. 6:00:00. 7:00:00. 8:00:00. 9:00:00. 10:00:00. 11:00:00. 12:00:00. 13:00:00. 14:00:00. 15:00:00. 16:00:00. 17:00:00. 18:00:00. 19:00:00. 20:00:00. 21:00:00. 22:00:00. 23:00:00. 24:00:00. 25:00:00. 26:00:00. 27:00:00. 28:00:00. 29:00:00. 30:00:00. 31:00:00. 32:00:00. 33:00:00. 34:00:00. 35:00:00. 36:00:00. 37:00:00. 38:00:00. 39:00:00. 40:00:00. 41:00:00. 42:00:00. 43:00:00. 44:00:00. 45:00:00. 46:00:00. 47:00:00. 48:00:00. 49:00:00. 50:00:00. 51:00:00. 52:00:00. 53:00:00. 54:00:00. 55:00:00. 56:00:00. 57:00:00. 58:00:00. 59:00:00. 60:00:00. 61:00:00. 62:00:00. 63:00:00. 64:00:00. 65:00:00. 66:00:00. 67:00:00. 68:00:00. 69:00:00. 70:00:00. 71:00:00. 72:00:00. 73:00:00. 74:00:00. 75:00:00. 76:00:00. 77:00:00. 78:00:00. 79:00:00. 80:00:00. 81:00:00. 82:00:00. 83:00:00. 84:00:00. 85:00:00. 86:00:00. 87:00:00. 88:00:00. 89:00:00. 90:00:00. 91:00:00. 92:00:00. 93:00:00. 94:00:00. 95:00:00. 96:00:00. 97:00:00. 98:00:00. 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**Brave new game**  
RFU leading light Mark Bailey on rugby union's challenge, page 26

**sport**

**Return to Deepdale**  
Mike Rowbottom on the first women's football international, page 26

# Blackburn sign Roy of the Rovers

**Football**  
ALAN NIXON

Roy Hodgson yesterday became Blackburn Rovers' fourth manager since October, but only after signing a penalty clause in his contract to save the Premiership club from a second managerial embarrassment.

The Internazionale coach has agreed to join Rovers on 1 July in a three-year deal worth £1m a season. However, Rovers have insisted on a clause in 49-year-old Hodgson's agreement which states that he will personally pay Rovers £250,000 if another club comes in with a better offer before that date.

Hodgson joins Ray Harford, Tony Parkes and Sven Goran Eriksson as a past, present or prospective manager at Ewood Park this season.

Rovers announced the appointment 24 hours ahead of the club's annual meeting where the chairman, Robert Coar, was due to face questions about the Eriksson fiasco.

Eriksson, the Sampdoria coach, had agreed to join Rovers at the end of the season, but decided to stay in Italy when Lazio showed their hand.

"We wanted a penalty clause putting in to the agreement and Roy was more than willing to accept it," Coar said. "This means if he does not take up the job he will personally have a considerable financial penalty."

Rovers supporters will remain sceptical until Hodgson sits behind his desk, which could happen earlier than July. "If Roy was to become available sooner than expected he would come straight to us," Coar said. "He almost climbed down the

phone when we contacted him," Parkes, who will continue as caretaker manager in the meanwhile, will stay on the coaching staff when the new man arrives.

Rovers, Coar added, had moved "quickly and decisively" five days after Eriksson had ended five weeks of speculation about his intentions. "It is necessary for people to know that it was up to Sven Goran Eriksson to terminate his agreement in

writing before we could move on," Coar said.

"We are delighted to have secured the services of a man with great knowledge of the European football scene. This confirms our intention to be a leading club in both the Premier League and Europe."

Hodgson, whose playing career took him to Crystal Palace, Maidstone United and the South African side Berea Park,

has little experience of managing in this country. Promoted to manager at Bristol City in 1982, he was dismissed four months later after a disappointing run of results when the club was taken over by new owners. He returned to Sweden where he managed Örebro and Malmö before taking charge at the Swiss club Neuchâtel Xamax. Next stop was the Swiss national side, whom he guided to the

1994 World Cup finals and Euro 96.

"After a long absence I am very happy to be returning to work in England in the Premier League, undoubtedly one of the finest leagues in world football," Hodgson said. "My experience in Italy has been invaluable and I hope to put it to good use with Blackburn."

Hodgson was first approached by Rovers after Harford resigned. "When I was asked in October I was unsure about my position and the opportunity passed before anything could be decided," he said. "I have been more than satisfied with my time at Inter."

Massimo Moratti, the Inter president, was surprised by the speed with which his coach of 16 months decided his future lay in Lancashire, but the separation was amicable.

"He conducted the matter with his usual intelligence and correctness, and it is in that spirit of freedom that I let him go despite his contract to 1999," Moratti said.

Hodgson's expensive Inter side includes England's Paul Ince, who is unlikely to follow him to Rovers, preferring instead a London club. Results, however, have been inconsistent.

Fans had recently heckled Hodgson and the experience had made its mark. "He's a man who suffers if he does not succeed, if he fails to have the 100 per cent backing of public opinion," Moratti said.

Inter are third in Serie A, seven points adrift of the leaders, Juventus. Although the club are favourites to win the domestic cup and are also still in the UEFA Cup, their title hopes have taken a reverse. Ironical-



Hodgson: Back in England with Blackburn Rovers

ly, it was Eriksson's Sampdoria, who beat Inter 4-3 at home, that did much of the damage.

In another twist, it is reported in Italy that Eriksson may now do a "Blackburn" on Lazio and step into Hodgson's shoes at Inter. "I will have to think about that," Moratti said.

## Taylor near to dialogue for peace

Gordon Taylor, the chief executive of the Professional Footballers' Association, has revealed that he is close to bringing Peter Schmeichel and Ian Wright to the peace table.

Taylor also has hopes that the Manchester United goalkeeper and the Arsenal striker will avoid punishment from both the courts and the Football Association if they are seen to declare a public truce to the feud that has developed between them. "We have been in close contact with both clubs, the players and the FA over the matter and I am hoping a meeting can be set up," Taylor said.

"The racist overtones of the dispute are of a particular concern to the PFA and we want the matter to be dealt with as soon as possible. I am hoping some kind of coming together can be arranged in the next few days."

"There is, of course, the shadow of possible action from both the Crown Prosecution Service and the FA hanging over Schmeichel and Wright, but we see this dispute as a special case and would also hope that a swift reconciliation would ensure that both players escape any punishment."

The North West Crown Prosecution Service is already considering whether to press ahead with legal proceedings, following complaints that the Danish international had aimed a racist insult at Wright when United played Arsenal at Old Trafford in November.

The row boiled over once again last Wednesday when Wright made a two-footed challenge on Schmeichel during Arsenal's 2-1 defeat at Highbury. A police officer was forced to step in to pull the two players apart at the final whistle.

Initial reports claimed Wright had put the second confrontation down to another racist slur and, although he now insists he did not make any such imputation, the fact Schmeichel is taking legal advice suggests he is ready to clear his name in court.

Taylor dismissed such a suggestion when he added: "We were made aware by United that Peter was taking legal advice from the club solicitor, Maurice Watkins. But the message I have got from Alex Ferguson and Arsène Wenger is that they would like both players to get together to sort out the dispute themselves."

"The fact that the Crown Prosecution Service are considering whether to take action makes things difficult. But I would hope that their decision on whether to instigate proceedings, and the FA's, would be influenced favourably by a public reconciliation."

Nicky Butt was yesterday ruled out of Manchester United's European Cup quarter-final with Porto at Old Trafford on Wednesday. The midfielder aggravated an ankle injury shortly after coming on as a substitute in United's victory at Arsenal last week.

Not so much a mirage; more a ghostly apparition as mist makes Dubai look like a B movie set



In the mood: Severiano Ballesteros (left) and his Spanish compatriot Jose Maria Olazabal appear to have orchestrated their practice swings as they make good use of the delay that fog caused before the start of yesterday's pro-am precursor to the Dubai Classic

Photograph: David Cannon/Allsport

### THE INDEPENDENT CROSSWORD

No. 5233, Thursday 27 February By Sparius

Wednesday's Solution

1 Find you make errors here, but not with the down clues? (7, 6)  
2 Translated "aquatic animal" as horse (7)  
3 Holiday resort featured in novel (7)  
4 Discrimination, in a sense (5)  
5 Policeman appearing out of the blue? (9)  
6 Starts to write in very large letters? (5)  
7 Put hot dressing on fowl subsequently chilled (9)  
8 Staff taken out by force? (9)  
9 Several thousand must be involved in Great War battle (5)  
10 A hip seems to suffer stress (9)  
11 Australian football strips, made to measure (5)  
12 Newly ordained priest taking orical holiday, maybe (7)

25 Roman emperor had originally repulsed Seneca (7)  
26 Former PM characterised as attractive? It's the bearing (8, 5)

DOWN  
1 Lined for the freshly groomed? (9)  
2 Marquis in France to be responsible for linear measure (5)  
3 Sensational cover printed without a sign of hesitation (9)  
4 Public performance a bishop put on shows volte-face (5-4)  
5 Moves apt to bring about late score? (9)  
6 Commanding height? (5)  
7 Condition of painting (very modern) (5-2-3-3)  
8 Wearing electric blue business suits? (5, 8)

15 As a cretin turns out to be - bigoted? (9)  
16 Identification accepted by tense club official (9)  
17 Disease found in grouse (9)  
18 Turkish governor planting tree in US state (5)  
19 Interior of kitchen redesigned according to professional code (5)  
20 Set to introduce promotion in South American resort (5)

## Venables confident of Australian rule

Terry Venables said yesterday he was confident that Australia could qualify for the 1998 World Cup finals, following his three-day get-together with the European-based Australian national players.

"The last three days have been brilliant," explained the former England coach. "There's been no real surprises. I am very impressed with the way that the team has settled down together."

"It's not been easy. I want to get away from the 'them and us' conversations that have been going on. It just makes it easier for the European-based players to meet here and now instead of travelling elsewhere to get a whole squad together for people that play in the southern hemisphere."

"I am very pleased with the way the squad have reacted," he admitted. "They are able to be receptive and they are able to take on new ideas. I am very confident that 1998 is a realistic target."

"The Australians play in different teams all over the globe and, whilst it was easier as England manager to get everybody together, the work they have done when they have been here has been first class."

"The whole team has been slick and professional in their approach to qualifying. They have all gelled together very well."

Venables has had the difficult task since he took over of combining his Portsmouth duties

with his Australian job and also dealing with an initially hostile public.

But victories in the Four Nations tournament and qualifying games against Tahiti and the Solomon Islands have transformed Venables' image.

"There hasn't been too many problems since the Tahiti game. There are always going to be people that object to your appointment but I don't see there are any real problems," he said.

"I picked four different squads but I did that when I was with England. I am still trying to get a full idea of how this team is going to pan out but so far I have a rough idea of what I want."

Venables will return to Australia in May and remain there over the summer before coming back to England for the start of the new season.

Dick Knight, head of the consortium trying to take over at Brighton, yesterday offered oew hope to Seagulls supporters that an end to the power struggle for control of the club could well be in sight.

Knight revealed that "genuine progress" is being made in mediation talks with co-owners Bill Archer and Greg Stanley.

Detailed proposals for the restructuring of the Third Division club were presented by the consortium to Archer and Stanley at the latest meeting with mediators from the Centre for Dispute Resolution in London on Monday.

Albion's co-owners have

asked for more time to consider the consortium's plan and they will respond at the next meeting, earmarked for next Wednesday.

Knight said: "All Albion supporters will share my frustration that the mediation meeting did not produce a cut and dried result."

"But I can confirm that our plans represent a progressive route forward for the club, which the consortium is confident it can deliver. We remain optimistic of a positive outcome."

Brighton-born Knight is a life-long Albion fan and is appealing to supporters to continue to get behind the team in their battle for league survival.

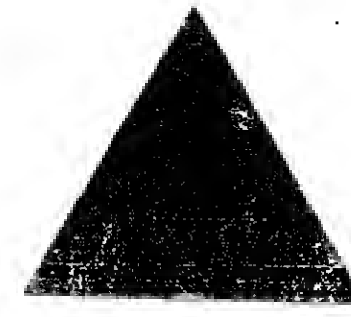
Russia's football authorities lifted restrictions on foreigners playing in its Premier League on Wednesday to bring it into line with the rest of Europe, a league official said.

Leonid Lipovoi, vice-president of the Professional Football League, said a rule barring clubs from fielding more than three foreigners had been scrapped in accordance with the Bosman decision lifting such restrictions elsewhere on the continent.

"We decided to cancel all limitations for foreign players in the Premier League to keep to European rules and to be able to march together down the Bosman path," Lipovoi said. "The whole of Europe, including Russia, has to follow the same rules and we welcome this."

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And a beer to go with it.

Bass BEST SELLING PREMIUM CASK ALE SINCE 1777